

**EXHIBIT N-1**  
**TO THE DECLARATION OF**  
**JOHN W. SMITH T**

## Exhibit "A"

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA

**COPY**

RENAE MOWAT, NIKKI MACK,  
ARKLYNN RAHMING, and QUENNA  
HUMPHREY individually  
and on behalf of all other similarly situated  
individuals,

Plaintiffs,

v. CASE NO. 10-62302-CIV-UNGARO

DJSP ENTERPRISES, INC., a Florida Corporation, DJSP  
ENTERPRISES, INC., a British Virgin Islands Company,  
LAW OFFICES OF DAVID J. STERN, P.A.,  
DAVID J. STERN, individually, DAL GROUP, LLC,  
a Delaware LLC, DJS PROCESSING, LLC,  
a Delaware LLC, PROFESSIONAL TITLE AND ABSTRACT  
COMPANY OF FLORIDA, a Delaware LLC, and  
DEFAULT SERVICING, LLC, a Delaware LLC,

Defendants.

VOLUME I  
DEPOSITION OF  
DAVID J. STERN

TAKEN ON BEHALF OF THE PLAINTIFFS

APRIL 25, 2011  
10:00 A.M. - 5:13 P.M.

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SAMANTHA HANSTEIN, Court Reporter

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1	DEPOSITION OF DAVID J. STERN
2	APRIL 25, 2011
3	COURT REPORTER: Okay. We are now on the
4	video record. Today's date is April 25th, 2011.
5	The time is 10:06 a.m. This is the video deposition
6	of David Stern taken in the matter of Mowat, Mack,
7	Rahming & Humphrey v. DSJP Enterprises, Inc. The
8	case number is 10-62302-CIV-UNGARO. We're located
9	at Reif King Welch Legal Services, 888 East Las
10	Olas Boulevard, Fort Lauderdale, Florida 33301.
11	The digital reporter is Samantha Hanstein with the
12	firm of Reif King Welch.
13	Would counsel please introduce themselves for
14	the record.
15	MR. JAFFE: Steven Jaffe on behalf of the
16	plaintiffs.
17	MS. DOUCETTE: Chandra Parker Doucette on
18	behalf of the plaintiffs.
19	MS. RAPORT: Dawn Michelle Rapoport on behalf
20	of the plaintiffs.
21	MR. SCRUGGS: Frank Scruggs of Berger
22	Singerman for DJSP Enterprises, Inc. and other
23	corporate defendants.
24	MR. TEW: Jeff Tew for David Stern from the
25	Law Offices of David Stern, P.A.

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1	MR. STERN: I'm David Stern for David Stern.
2	MR. JAFFE: Good morning. My name is
3	Steven Jaffe.
4	We met briefly this morning. Thank you for
5	coming in this morning.
6	DAVID J. STERN,
7	having been first duly sworn, testified as follows:
8	DIRECT EXAMINATION
9	BY MR. JAFFE:
10	Q Mr. Stern, thanks for coming in this morning.
11	Like I just said, my name is Steven Jaffe. I'll be
12	taking your deposition probably most of today. Has your
13	deposition ever been taken before?
14	A Yes, sir.
15	Q All right. And now, you are a practicing
16	attorney?
17	A I am.
18	Q And you've taken depositions before?
19	A I am.
20	Q So, you know all the deposition admonitions,
21	and there's really no need for me to go over right now;
22	is that correct?
23	A I officially waive.
24	Q Okay. And if you need a break, just tell me.
25	

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i 1 I'll be happy to break anytime. I'd like to start off,  
2 just going over your background. We could, you know.  
3 Where are you from?

4 A Born in Chicago, Illinois.

5 Q And when did you come to South Florida?

6 A When I was 30 years old.

7 Q Where did you go to undergrad?

8 A Appalachian State University in North  
9 Carolina.

10 Q I couldn't decide if my daughter's finishing  
11 up there.

12 A Great school.

13 Q What year did you graduate?

14 A From?

15 Q Appalachian State University.

16 A 1982.

17 Q And then did you go into the workforce or did  
18 you go into the law school?

19 A I went straight into law school.

20 Q And where?

21 A South Texas College of Law in Houston, Texas.

22 I graduated 1986.

23 Q And where did you go -- did you stay in Texas  
24 to begin your career as a lawyer?

25 A That's how Texas -- being that three-tier

i 1 school -- four-tier school. Not that I read any of  
2 these articles, but that one came across my desk.  
3 That was good. I'm sorry.

4 Q Where did you begin your practice of law?

5 A I actually began my practice of law with the  
6 Law Offices of Gerald Shapiro with the acronym of LOGS.

7 Q What year?

8 A I went to work for them right out of law  
9 school before becoming a member of the bar; ultimately  
10 became a member of the bar in 1991; didn't necessarily  
11 practice with them. I was a national operations  
12 manager, so I officially started practicing January 1st,  
13 1994.

14 Q If I heard you correctly, you graduated from  
15 South Texas College of Law in 1986; is that correct?

16 A Yes, sir.

17 Q When did you first sit for any bar exam?

18 A 1990.

19 Q Which bar exam was that?

20 A I'm sorry. Scratch that. I sat for the Texas  
21 Bar right after graduation from law school while working  
22 for my then-previous employer.

23 Q Okay.

24 A And then I sat for the Florida Bar while  
25 working for my previous employer, which is LOGS.

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i 1 Q What year did you sit for the Florida Bar?  
2 1990?

3 A 1990.

4 Q Let's go back to Texas. So, you sat for the  
5 Texas Bar in 1986; is that correct?

6 A I believe that's --

7 Q Maybe 1987?

8 A I believe the next one after I graduated and  
9 was eligible.

10 Q Okay. And did you pass that bar?

11 A I did not.

12 Q Did you ever take the Texas Bar again?

13 A No.

14 Q I believe you say you moved to Florida  
15 thereafter.

16 A I don't recall saying that.

17 Q Fair enough. Where did you move after Texas?  
18 Graduated from law school, sitting for the bar? Where  
19 did you move next?

20 A I moved to Tampa, Florida.

21 Q Approximately in 1986, 1987?

22 A 1986.

23 Q And if I repeat myself which I'm about to, I  
24 apologize, but let's just go with it, with -- where was  
25 your first employment in 1986 in Tampa?

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i 1 A The Law Offices of Gerald Shapiro or, say, the  
2 LOGS group.

3 Q And what type of practice did you have?

4 A Mortgage and lender representation.

5 Q In what capacity were you employed there  
6 initially?

7 A An intern/law clerk.

8 Q Why did you not sit for the Florida Bar until  
9 1990?

10 A Because I worked my tail off 24/7 for LOGS.  
11 And --

12 Q Just so the record is clear, LOGS, spell that.  
13 A LOGS, L-O-G-S, the acronym for the Law Offices  
14 of Gerald Shapiro.

15 Q Okay.

16 A LOGS. When I first started working for LOGS,  
17 I worked for them in their Tampa office for three months.  
18 After working for them for three months, I've recruited  
19 to the national office in Chicago, Illinois. And I was  
20 made the quality control representative. When I started  
21 with them, I had 13 offices. As I made a name for myself,  
22 I ultimately was responsible for opening or restructuring  
23 some 33 offices. As a result, I was on the road pretty  
24 much every day. Literally, every day. I still have my  
25 platinum lifetime marquis for Marriott and my

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1       Continental elite for lifetime, so it was worth it.  
 2       Q     Explain to me your job responsibilities as  
 3     what you just termed the quality control rep for LOGS.

4       A     When there was a distressed office, initially,  
 5     I would go in and make a determination of what the  
 6     issues were, make recommendations, report back to the  
 7     national office together with the guy who's from the  
 8     national office and the managing attorneys, implemented  
 9     a plan to turn the office around. The duties then  
 10    grew from dealing with distressed offices to opening up  
 11    brand new offices. So, during the eight years I was  
 12    with LOGS, I either opened or dealt with some 33 offices  
 13    in, like, 27, 28 different states.

14      Q     So, obviously, during that time, too busy to  
 15    sit down take the Florida Bar, other things were  
 16    happening that were of interest to you?

17      A     Correct, yes.

18      Q     The three months that you were in Tampa before  
 19    being promoted to the Chicago quality control rep, is it  
 20    fair to say that you learned as much as you could  
 21    regarding mortgage lender representation in the Tampa  
 22    office?

23      A     The day I started in Tampa, it was a  
 24    distressed office unbeknownst to me, and my first day  
 25    there, the senior management from Chicago came in and

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1       literal? What hours did you keep?

2      A     24/7.

3      Q     So, you worked 24 hours a day, seven days a  
 4     week?

5      A     I slept for three to four hours. Sometimes, I  
 6     went to bed at 1:00; sometimes I went to bed at 9:00 and  
 7     woke up at 1:00. Pretty much the same work ethic I've  
 8     kept when I went to law school. I went to law school at  
 9     night, can't afford Tier 4.

10     Q     Tier 4?

11     A     Tier 4. Thank you. And I worked two jobs  
 12    during the day. I went to law school from 5:30 to  
 13    10:30, got home, study for a couple of hours and just  
 14    kind of develop a sleep pattern of three hours.

15     Q     What type of work did you do during law  
 16    school? Does it have anything to do with the mortgage  
 17    industry?

18     A     No, no, sir. Originally, I clerked for the  
 19    City of Houston, so between clerking and studying law  
 20    and going to law school. The local high schools were  
 21    looking for soccer coaches, and I had soccer background.  
 22    So, I took a job as a soccer coach, which in order to  
 23    coach, you had to teach and --

24     Q     Of course.

25     A     -- and I didn't have teaching credentials, so

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1       read everyone the riot act. My first day, I didn't  
 2     know much of anything. Certainly, I didn't know  
 3     mortgage lender representation, but I kind of went for  
 4     broke and asked them for the opportunity to dive right  
 5     in it. And long story short, they laughed at me, but  
 6     at the end of the day, they gave me the opportunity.  
 7     And during those three months, I worked 24/7, had this  
 8     neat little SkyPager, because cellphones were so big.  
 9     Dare I say my age. 1-800 SkyPage and No. 20632. We  
 10    can publish it. That's on there.

11     Q     How old are you?

12     A     I'm 50.

13     Q     What's your date of birth?

14     A     Did you tell him to ask that?

15               May 6th, 1960. But don't ask me where the  
 16    time went. So, after three months in the Tampa office, I  
 17    demonstrated, I would assume, qualities that were unique  
 18    and valued in the eyes of upper management.

19     Q     Were there lawyers in their office?

20     A     Yes, sir.

21     Q     How many? Approximately.

22     A     I got -- that's like 1986. 20.

23     Q     And non-legal staff, approximately, how many?

24     A     60, 70, I guess.

25     Q     And you say you worked 24/7, can we be

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1       they gave me emergency teaching permit based on some  
 2     online courses. So, I taught senior government and I  
 3     coached soccer and cross-country.

4     Q     Where did you go to high school?

5     A     Miami Edison Senior High School.

6     Q     Did you play soccer?

7     A     I did.

8     Q     Back then?

9     A     Back then, yeah.

10    Q     Did you play soccer at Appalachian State?

11    A     I did.

12    Q     All four years.

13    A     Two years.

14    Q     Were you at Appalachian State all four years?

15    A     Yes, sir.

16    Q     At Appalachian State, what degree did you  
 17    obtain?

18    A     Bachelor of Science in Political Science and  
 19    Criminal Justice minor in Sociology.

20    Q     Double major?

21    A     Yes, sir. I wanted to get most from my  
 22    tuition.

23    Q     Were you on scholarship?

24    A     Financial aid.

25    Q     So, not under a scholarship?

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1 A No.  
 2 Q When you went to work at LOGS, I assume, just  
 3 correct me if I'm wrong, you learned -- you began to  
 4 learn the mortgage lender business.

5 A I was there for eight years, and that's where I  
 6 learned it.

7 Q Both the non-legal elements of the business  
 8 and I assume, just correct me, the legal elements of  
 9 business?

10 A Yes, sir.

11 Q And what was LOGS -- or what was your  
 12 understanding of what a distressed office was?

13 A In my mind, a distressed office was an office  
 14 where there was dissatisfaction from clients or failure  
 15 on behalf of the office to meet milestones for the full  
 16 time frames that are essential to the industry. And, of  
 17 course, if you want to find that you're missing  
 18 milestones before the client does because that could be  
 19 relationship ending.

20 Q What would you say the three most important  
 21 things you learned at LOGS were?

22 A Well, I was single at that time, so there was  
 23 this secretary. I would say understanding the process  
 24 from an operations standpoint, understanding the process  
 25 from the legal standpoint and probably most importantly,

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1 establishing relationships with clients. All three, I  
 2 believe, I have mastered and perhaps the basis for my  
 3 success.

4 Q How long did it take you to learn or belief  
 5 those were the three most critical things in the  
 6 industry to be a success?

7 A I got to tell you, I probably didn't realize  
 8 it until the first year into my own practice.

9 Q Okay. Well, then, so, you're saying that in  
 10 retrospect, that's what you learned at LOGS?

11 A I loved my job at LOGS. I loved the  
 12 responsibility. I loved the challenge. I loved  
 13 something that was getting ready to be kicked under the  
 14 rug and stopped it from being kicked under the rug.  
 15 Took something that was a failure and made into a  
 16 success or started something that was just soil and  
 17 built it into a successful, profitable learning, if you  
 18 will.

19 Q Would you agree with me that LOGS was a  
 20 generally successfully business at the time you went  
 21 into it?

22 A They were a up-and-coming firm -- they had 13  
 23 offices. When I left, they had 54 offices, of which 33  
 24 were my responsibility.

25 Q Could you list some of your clients?

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1 A Sure. Bank of America, Chase, Wells Fargo,  
 2 Countrywide, pretty much -- they were national firms and  
 3 they represented pretty much everyone. Some of that are  
 4 still around. Some of that have car wrecked -- Gold Dome.  
 5 Once in a while, I see these names, and I said -- I  
 6 remember that -- National Mortgage in Memphis, but pretty  
 7 much everyone.

8 Q When you say that you learned the process from  
 9 an operations standpoint, can you explain that?

10 A From an operations standpoint, I became  
 11 familiar with the movement of a particular action  
 12 through a process when that required efficiency, yet  
 13 needed to be done economically. So, from a foreclosure  
 14 standpoint, I had to move things from the title, area  
 15 where it starts, to the complaint, which is essential,  
 16 and a time-driven milestone, milestone being the key  
 17 component of the foreclosure; how to most efficiently  
 18 and effectively move through service process, to deal  
 19 with process servers; how to get judgment centered; how  
 20 to take property to sale and move things efficiently.  
 21 My responsibilities were not also limited to judicial  
 22 foreclosures, but we have power sales states, which are  
 23 simply -- know this requirements, which are the majority  
 24 of the states. So, I learned that. And then I learned  
 25 the bankruptcy processes and the closing processes and

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1 the eviction process. That's the operations standpoint.

2 Q When you went into LOGS, they already had  
 3 system, operation systems, correct?

4 A They did.

5 Q And did they have policy and procedure  
 6 manuals?

7 A Very few. I wrote some of them. I chuckle  
 8 because it goes back to the old computers, to the big,  
 9 old screens. And when I started my practice eight years  
 10 later, I hired a computers' consultant and we were  
 11 designing and had the mouse. I had never seen a mouse.  
 12 So, I picked it up and I started playing with the ball.  
 13 And I looked at it, he said, what are you doing? I go,  
 14 what the hell is this? And he knew he was in trouble.  
 15 So, I was not the most technological and hopeful that my  
 16 testimony hasn't led you to believe that I was  
 17 technologically advanced. Because right now, my  
 18 14-year-old daughter handles all the technology in the  
 19 house.

20 Q But from a practical standpoint, you  
 21 understood quickly how to maximize operations?

22 A Back then, I thought I did. Back then, I  
 23 thought, you know, I had it going on. When I started my  
 24 own practice, I thought I had it going on. I thought  
 25 people that I had trained, we had it going on. And --

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1 Q Were you involved in training staff members at  
2 LOGS from an operations, non-legal operations,  
3 standpoint?

4 A Yes, sir.

5 Q So, you developed some of the policy and  
6 procedure manuals from an operations standpoint at LOGS?

7 A Yes, sir.

8 Q And then you actually implemented those policy  
9 and procedures that you had refined or established?

10 A Refined in some offices, those offices that I  
11 created, certainly established, bringing over ideas from  
12 other offices that were successful ideas and certainly  
13 eliminating or actually those that were disastrous.

14 Q Did you study other competitors' model?

15 A I did.

16 Q Who were some of the other competitors that  
17 you studied?

18 A I don't recall. I -- I know as I created  
19 pleadings or recommended forms of pleadings, I would go  
20 to courthouses and I would gather up copies of, say, the  
21 judicial state, complaints from the five largest guys  
22 and, you know, kind of piece them together and worked  
23 with the senior attorney to make sure that we were in  
24 compliance with that particular jurisdictions, laws.

25 Q At LOGS, did you have the same job title the

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1 street from UCLA and the partner that walked out walked  
2 out from the Westlake office. So, I was asked to go in  
3 make an evaluation, see what staff was staying, what  
4 staff was going, review the procedures, see why he  
5 walked out, make recommendations to the national office.  
6 And ultimately, that project entailed consolidating the  
7 San Diego office and the Westwood office to Costa Mesa.

8 Q So, it sounds like that you have a forte for  
9 evaluating people within the mortgage industry,  
10 employees, deciding who was maybe dead weight, who was a  
11 keeper and how to best create a better functioning  
12 environment?

13 MR. TEW: Objection.

14 MR. SCRUGGS: Objection to form.

15 MR. TEW: Same objection.

16 A Back at that time, I probably felt that I did,  
17 keeping what I've learned and who has come into -- at  
18 one time came into our world, I realized that I knew  
19 very little.

20 Q (By Mr. Jaffe) When you say "who's come into  
21 your world," what do you mean?

22 A Rick Powers, chief operational officer.  
23 The amount of knowledge that he instilled into me in  
24 the brief time that I was privileged enough to be with  
25 him is just amazing. And I looked back and I say,

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1 entire eight years you were there?

2 A I don't remember. Job titles mean nothing  
3 to me.

4 Q So, if I would ask you what your job titles  
5 were at LOGS, you would not remember them?

6 A I wouldn't.

7 Q Did your job responsibilities increase over  
8 the eight years you were at LOGS?

9 A Yes, sir.

10 Q When you first went to Chicago -- and I  
11 believe you told me that was within three months of  
12 being employed with LOGS?

13 A Yes, sir.

14 Q Your job title was quality control rep or is  
15 that just an acronym?

16 A Quality control manager.

17 Q Okay. What were your job responsibilities at  
18 that point?

19 A When I went to Chicago?

20 Q Yeah.

21 A I was in Chicago, as I recall, about two days.  
22 And the California operation became distressed and there  
23 was a falling out between the partners. One office was  
24 in San Diego that handled foreclosures. The other  
25 office was in Westwood, California, right down the

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1 yeah, I have a Political Science degree; I have a  
2 Criminal Justice degree, minor in sociology and a law  
3 degree. But certainly, no degree from an operational  
4 standpoint, managing by matrix and developing charts  
5 and -- amazing.

6 Q So, you had a gut. You went with your gut,  
7 and at that time frame, at least, it was successful?

8 A I think it was.

9 Q And you were rewarded appropriately from law,  
10 just stayed with them eight years, you elevated, they  
11 opened more offices?

12 A Since we're on the record, I would say, I  
13 don't believe that they rewarded me adequately.

14 Q I understand.

15 A Hence, my departure from them. I worked 24/7  
16 to make someone wealthy and profitable. I decided that  
17 I might as well do it for myself. So, I --

18 Q Okay.

19 A Since my counsel didn't object, I object.  
20 Listen, I don't regret it and it was an invaluable eight  
21 years.

22 Q Sure.

23 A If I would have left after six years, who  
24 would have known? If I were to stay for nine or 10  
25 years, someone else may have pioneered the industry.

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1 Q So, you also learned the processes from a  
2 legal standpoint within the foreclosure business while  
3 at LOGS as well?

4 A I learned not as a practicing attorney.

5 Q Right.

6 A Or be an authorized practicing one. But I did  
7 learn that as well.

8 Q I didn't say you cannot -- I'm certainly not  
9 representing to you that you practiced at that time, but  
10 you certainly absorbed and understood the process, learn  
11 the process, and from an intellectual standpoint, you  
12 believe you were able to create your own systems that  
13 would be more efficient for the client?

14 A Correct, yes.

15 Q And talk to me a little bit about the third  
16 element, that is, that you believe that relationships  
17 were one of the three most important things that you  
18 learned there?

19 A Perhaps the most important. In my role as the  
20 quality control guy, any time that a file had gone awry,  
21 our office had gone awry, it was my watch. I was the  
22 captain of the ship. And clients would reach out to me  
23 and they would voice their frustrations or concern. And  
24 while I don't have the answers to everything, I have --  
25 always had the will to find those answers. And I

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1 got judicial foreclosures, you've got power sale  
2 foreclosures. In Texas and Georgia, you can get a  
3 foreclosure done in 26 days -- Tuesday. States like  
4 Maine, New York, different processes, different  
5 procedures, superior court versus circuit court. Some  
6 states, you can file in Federal court.

7 Q Back in that time frame in Florida?

8 A I can answer that. That time frame back then  
9 was about 270 days --

10 Q From?

11 A File received.

12 Q Is that -- I've read that you've used the term  
13 "cradle to the grave."

14 A Well, don't believe everything you read, but,  
15 yes.

16 Q Is that a term you've used?

17 A We do use "cradle to grave."

18 Q All right. Is "cradle to grave" a reference  
19 to something like this, 270 days?

20 A Yes, sir.

21 Q All right. Then we'll get to that later. 270  
22 days from time a file was received into the office --

23 A Yes, sir.

24 Q -- to judgment?

25 A Sale held.

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1 believe that my ability to demonstrate that to the vast  
2 majority of the industry which LOGS represented allowed  
3 me to be of instant credibility the day I hung my  
4 shingle out on January 1st, 1994 where I could reach out  
5 to the clients with the results that were beyond my  
6 wildest dreams.

7 Q You just mentioned earlier that one of the  
8 important elements that you learned was using or  
9 creating milestones in the foreclosure process. And  
10 that is a very important element to the industry and  
11 certainly to the client; is that correct?

12 A Yes, sir.

13 Q Please --

14 A Not using or creating the milestones that were  
15 existent already, a measuring tool that the industry had  
16 established. How long does it take you to get the  
17 complaint filed, service completed, judgment entered,  
18 sale held and sold for you. So, using them or  
19 establishing them, they were used as a tool. So, I did  
20 adopt that methodology.

21 Q What milestones were in place at that time as  
22 you just laid out?

23 A Same.

24 Q What dates? What's the time frames?

25 A It varies, depending upon the state. You've

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1 Q Okay. And so, my question, with regard to the  
2 Florida milestones -- back then, who sets it? Do you  
3 set them? Does the client set them? Is the industry  
4 standard? Please explain it.

5 A Fannie Mae and Freddie Mac.

6 Q Thank you. Are they hard milestones? Hard  
7 dates or goals?

8 A They are hard dates.

9 Q And what happens if you don't meet them?

10 A If you have a excusable delay, like the  
11 borrower's debt is problematic to post to tombstone, so  
12 you have to -- that that would be an uncontrollable  
13 delay. Or if you've got a special in today's  
14 environment where everything is litigious and class  
15 action attorneys suing people, foreclosure attorneys  
16 wiping people out. Those are controllable delays, so we  
17 would --

18 Q Back then, it was --

19 A It wasn't as litigious. It was just a matter  
20 of how people did things. If there was a push and then  
21 someone like me came on the scene and said, you don't  
22 need 270 days you can do within.

23 Q And so, did you create policy and procedure  
24 manuals to reduce those milestones?

25 A When I was at LOGS?

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1 Q I'm sorry, yes.  
 2 A If the milestone was reduced by the investor,  
 3 then we would have to adjust the policies and procedures  
 4 to be consistent in that.  
 5 Q So, the investor would attempt to control  
 6 milestones?  
 7 A Yes, sir.  
 8 Q Were there times where you, on behalf of LOGS,  
 9 would control the milestones?  
 10 A No.  
 11 Q Were there incentives for meeting or exceeding  
 12 milestones at that time?  
 13 A I'm not sure I understand your question.  
 14 Incentives paid by whom?  
 15 Q Were there bonuses to LOGS? Were there  
 16 bonuses to LOGS if you met or exceeded milestones?  
 17 A Not to the best of my knowledge.  
 18 Q Were employees of LOGS given bonuses for  
 19 meeting or exceeding milestones?  
 20 A Not to the best of my knowledge.  
 21 Q Were there quotas, monthly quotas at LOGS?  
 22 A Monthly quotas? I'm not sure I understand the  
 23 question.  
 24 Q If you would be kind enough, could you explain  
 25 to me the process while at LOGS, in a general sense,

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1 client sends in a file to be foreclosed upon and how it  
 2 processes through the office.  
 3 MR. TEW: You're talking about --  
 4 Q (By Mr. Jaffe) Fair enough. Florida.  
 5 A Florida? Back in the LOGS days, it was set up  
 6 by stages. So, if I would come in through the -- given  
 7 to the type of department, they would have certain  
 8 period of time to move it to the next stage, which would  
 9 have been complaint stage. Complaints that needed to go  
 10 over a certain period of time I don't recall what those  
 11 time frames were. That was one of the separate set  
 12 of paralegals. The file would then move, once the  
 13 complaint was filed to service, a different set of  
 14 paralegals because its stage concept. Assembly line, if  
 15 you will. Then it'd move to the next stage, judgment.  
 16 Then it moved to the sale stage. And then it moved to  
 17 the post sale stage.  
 18 Q Reviewing those stages, where would legal come  
 19 in? Only at the judgment stage?  
 20 A Yes, sir.  
 21 Q Okay. Because you mentioned paralegal on two  
 22 occasions. I didn't hear the mention of lawyers  
 23 involved?  
 24 A Well, they all involve lawyers because lawyers  
 25 have the obligation to supervise paralegals. The

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1 paralegals can't sign the complaint or review the  
 2 complaint, of course.  
 3 Q Okay.  
 4 A The service process is reviewed by an  
 5 attorney.  
 6 Q Let's go back it up. How about the title  
 7 department?  
 8 A Back at LOGS?  
 9 Q Yes, sir.  
 10 A John Stupprich. John Stupprich,  
 11 S-T-U-P-P-R-I-C-H, was the title mastermind esquire.  
 12 Title in the State of Florida is not the functionality  
 13 of attorneys --  
 14 Q Absolutely.  
 15 A -- practicing law, so it just depends how it's  
 16 set up and what resources you have.  
 17 Q Okay. At LOGS, was there title department?  
 18 A John Stupprich was an attorney, but the  
 19 examiners, I don't recall who's examiner.  
 20 Q And so, maybe I misunderstood. Where was John  
 21 located?  
 22 A Tampa, Florida.  
 23 Q All right. The complaints, those were  
 24 automated at this stage in the chronology --  
 25 A Yes.

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1 Q -- of computers?  
 2 A Yes.  
 3 Q All right. Paralegal would take certain data,  
 4 input it into their computer, complaint would be split  
 5 out for the review of a lawyer?  
 6 A Yes, sir.  
 7 Q Lawyer signs the complaint?  
 8 A Or makes corrections.  
 9 Q Makes corrections, complaints finalized, then  
 10 lawyer signs complaint?  
 11 A Yes.  
 12 Q All right. And that's time to get service, so  
 13 paralegal drafts the necessary service papers?  
 14 A Summons complaint unless picked and they'll  
 15 draft it together.  
 16 Q Okay. Packaged?  
 17 A Trained, trailed -- Trained, trailed and  
 18 packaged and then filed together.  
 19 Q Explain to me, if you will, if at LOGS, in  
 20 Florida, how many departments there within a given office?  
 21 A Foreclosure, bankruptcy, eviction, deed and  
 22 lieu, title, litigation, it just depends that the top of  
 23 it the industry like today or a while back, loss  
 24 mitigation research, back in the LOGS days, I don't  
 25 recall the loss mitigation.

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1 Q Just for the record, kindly define what loss  
2 mitigation means.

3 A A review of a file to mitigate the loss with  
4 some sort of remedy. The remedy could either be whole  
5 retention, modification, repayment, forbearance or  
6 amount of retention, deed and lieu and short sale.

7 Q Have those departments with the exception of  
8 loss mitigation stayed consistent in the industry until  
9 today?

10 A In the State of Florida?

11 Q Yes, I'm sorry.

12 A Well, it depends. There are firms out there  
13 that do things other than just foreclosures.

14 Q In foreclosure only offices, do you -- to the  
15 best of your knowledge.

16 A Yes, sir.

17 Q And while at LOGS, you supervised and reviewed  
18 each of those departments from a processes and systems  
19 standpoint?

20 A I had assistance.

21 Q Of course, anyone. I'm certainly not  
22 recommending that you did that alone. But although  
23 24/7, you might have been able to. And where you found  
24 deficiencies, you were in a position to attempt to  
25 remedy via creating new systems and policies and

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1 have promised me I could take it. I signed up for it,  
2 signed up for BARBRI, dare I say. And various  
3 things came up. And they said, we need you. And I  
4 said, I'm going to quit unless you give me something in  
5 writing that next time, you'll pay for three months, and  
6 I would have to look in or see. Since I was already  
7 signed up for the bar, during this time period, they  
8 said, why didn't you sit for it? You've got nothing to  
9 lose. So, I sat for it. I took the two-day cram  
10 course. Out of the essay questions, I eliminated the  
11 ones I had test on the previous months, crammed the  
12 other four essays in, sat for the multi-state, sat for  
13 the essay. I remember I finished the multi-state up  
14 early. And as I was sitting there, I drew A, B, C, D.  
15 In an hour early, I'm spinning my pen. The examiner  
16 says, What are you doing?" I said I'm double-checking  
17 my answers. And I passed. That's it.

18 Q Luck or genius?

19 A They didn't know that part. I did --

MR. TEW: Put that in your online.

21 A Yeah, yeah, my best-selling. But we haven't  
22 closed the chapter yet. There's still a lot to be  
23 written.

MR. TEW: That's true.

MR. JAFFE: That's true.

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1 procedures and then implementing?

2 A In conjunction with the managing attorney  
3 license in that state as well as the national office.

4 Q So, it's fair to say at the end of eight  
5 years, working 24/7 for somewhere else, making them lots  
6 of money throughout this country, you knew the mortgage  
7 foreclosure business at that point? In your mind.

8 A If it's based on where I am today or perhaps  
9 where I was six months ago, I would say that I certainly  
10 did.

11 Q You sat for the bar while -- excuse me -- you  
12 sat for the Florida Bar while employed at LOGS?

13 A Yes, sir.

14 Q Why?

15 A Because when they hired me, they promised me  
16 that 70 times, that I take Florida Bar, because I went  
17 to Miami Edison, grew up in Florida, loved Florida, had  
18 a condo on South Beach and I knew ultimately at the end  
19 of the day that I wanted to get licensed and I wanted it  
20 to be in Florida. So, after a combination of them  
21 sending me off on projects and me prioritizing projects,  
22 we finally decided that I would no longer blow it off.

23 Q And so, in 1990, you sat for the bar; in 1991,  
24 passed the bar?

25 A There are good memories in that post. They

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1 have promised me I could take it. I signed up for it,  
2 signed up for BARBRI, dare I say. And various  
3 things came up. And they said, we need you. And I  
4 said, I'm going to quit unless you give me something in  
5 writing that next time, you'll pay for three months, and  
6 I would have to look in or see. Since I was already  
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22 closed the chapter yet. There's still a lot to be  
23 written.

MR. TEW: That's true.

MR. JAFFE: That's true.

1 Q (By Mr. Jaffee) So, you passed in 1991?

2 A Yes, sir.

3 Q Worked for LOGS for a few years?

4 A Through 1993.

5 Q At that point, now, you're a licensed attorney  
6 in Florida, did you actually go to court?

7 A Yes.

8 Q The day you opened your office on January 1st,  
9 1994, had you been in a courtroom as a lawyer?

10 A I don't believe I had. I know that I had  
11 business cards.

12 Q Are you married?

13 A Yes, sir, 17 years in June 19.

14 Q Congratulations.

15 Any kids?

16 A Two. Logan, 10. Brianna, 14.

17 Q That's a beautiful thing.

18 A The best.

19 Q When you resigned from -- did you resign from  
20 LOGS?

21 A I did, yes, sir.

22 Q Okay. You weren't fired?

23 A No, sir, I wasn't fired.

24 Q When was that?

25 A I submitted in resignation July of 1993. My

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1 last day was December 31st, 1993.  
 2 Q And January 1st, 1994, you opened your own  
 3 office.  
 4 A Literally, on New Year's Day.  
 5 Q Where?  
 6 A 2627 Northeast 203rd Street, North Miami  
 7 Beach, Florida, 800 square feet. Kind of like this,  
 8 pink walls, blue carpet, 2386 computers, roller stamps,  
 9 copier we had to move by hand and an old-fashioned  
 10 checkbook with very little money in it. I love those  
 11 days.  
 12 Q Single at that point?  
 13 A Single. Janine, who was my girlfriend, now my  
 14 wife. I think we got married -- I know we got married.  
 15 I know we got married six months after that -- six  
 16 months after that, June 19.  
 17 Q At LOGS, would you agree with me that LOGS at  
 18 that time in 1980s or in 1990s was representing  
 19 certainly the top 10 lenders in the United States?  
 20 A In one state or another, but not in every  
 21 single state.  
 22 Q And certainly --  
 23 A I knew them all, sir.  
 24 Q -- a vast majority of the top 20 lenders  
 25 actually in the country as well?

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1 A Yes.  
 2 Q And since customer relations is one, if not  
 3 the most important elements to a successful business, in  
 4 general, I assume that they knew you were going to  
 5 leave?  
 6 A I don't think they did. I don't think they  
 7 really thought that I would leave. At that point in  
 8 time, I was the third man --  
 9 Q My mistake and I'm sorry for interrupting you.  
 10 But I don't like to waste your time.  
 11 A Okay. Thank you.  
 12 Q I was speaking about the clients, the lenders.  
 13 Did you contact them? Did you have some quiet  
 14 conversations with them, saying, fellas, it's time?  
 15 A Before I left?  
 16 Q Yes, sir.  
 17 A No, sir.  
 18 Q All right. So, we're clear. No contact with  
 19 any what was to be a hopeful client down the road before  
 20 you left, telling that you were going to leave?  
 21 A None at that or in the top 20.  
 22 Q Okay.  
 23 A A friend of a friend said, go visit somebody  
 24 in Orlando. They may have some foreclosures for you.  
 25 And it's my trip down to turnpike where I got my first

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1 business, it's hard to make, at the turnpike card  
 2 machine back then.  
 3 Q All right. So, in January of 1994 in South  
 4 Florida, David Stern -- David J. Stern, PA is born?  
 5 A I believe we incorporated in October of 1993.  
 6 Q Okay.  
 7 A But didn't pay no shingle, didn't have  
 8 anything. But I had already given my notice and decided  
 9 to move on. Because I wasn't sure what I was going to  
 10 do.  
 11 Q All right. So, you gave notice in July,  
 12 incorporated in October-ish, and in January, pulled the  
 13 trigger, so to speak?  
 14 A Yes, sir. Yes, I like it, pull the trigger.  
 15 Yes.  
 16 Q January 1st, 1994, you had no employees. True  
 17 or false?  
 18 A False.  
 19 Q Who did you have as employee?  
 20 A Cheryl Sammons.  
 21 Q Anybody else?  
 22 A Janine, but she painted her nails and wore a  
 23 baseball hat but wasn't paid.  
 24 Q Careful, this is on.  
 25 A I still have that picture of her.

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1 Q Good. Where did you first meet  
 2 Cheryl Sammons?  
 3 A Charlotte, North Carolina, with the LOGS  
 4 offices, probably 1989.  
 5 Q What was her job at that time in LOGS office  
 6 in Charlotte, North Carolina?  
 7 A She's a legal assistant.  
 8 Q How was it that you met? Just by you being in  
 9 that office?  
 10 A Advertisement.  
 11 Q Okay. Let's go back there for a second. Back  
 12 to LOGS. Were you responsible in any way in hiring  
 13 staff?  
 14 A Every time I got to -- this is -- this is  
 15 pretty good. Hiring staff and --  
 16 Q At the office?  
 17 A Yes, I was.  
 18 Q Your office?  
 19 A Hiring, firing.  
 20 Q Okay. And so, obviously, there came a time  
 21 when you were at the Charlotte area and you were  
 22 interviewing staff members and you met Cheryl Sammons?  
 23 A Yes, sir.  
 24 Q Okay. And I assume she was a fine-tuned act?  
 25 A Yes, sir.

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1 Q All right. And at that time, was the  
2 Charlotte office open? You were staffing it or you just  
3 have to getting staff to then open the office?

4 A I'll save us all some time. There was a  
5 Shapiro and Davis law firm. Shapiro and Ron Davis had a  
6 falling out. Ron Davis wrote the clients saying, I want  
7 the files. And Gerry wrote the clients saying I want  
8 the files. And David Stern's job was to go in and find  
9 office space, find a managing attorney, hire staff and  
10 get the clients comfortable that Gerry's lack of  
11 physical presence would not be detrimental to the  
12 client -- to the client's files. That's where I put the  
13 ad in the paper, and amongst others, I met Cheryl.

14 Q How many offices did you establish like that?

15 A 20.

16 Q So, obviously, you were already comfortable in  
17 the basics of how to open a foreclosure law office?

18 A I wouldn't say I was comfortable. I would say  
19 I was challenged each and every time. And neurotic ego,  
20 hyper-energetic and fearful of defeat or failure, so I  
21 was anything but comfortable.

22 Q But you knew how to do it?

23 A I felt I did. Yes, sir.

24 Q And you did it repeatedly.

25 A I did, yes, sir.

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1 Q And the offices that you opened and staffed  
2 became profitable for the LOGS?

3 A Yes, sir, they did.

4 Q It's a good thing, though, that started you on  
5 your own.

6 A It did. It did, no regrets.

7 Q So, on December 31st, 1993, you knew what you  
8 were in for. You knew how to open your own office?

9 A Yes, sir.

10 Q Obviously, there was a time in 1993, you spoke  
11 to Cheryl Sammons and told her what you were going to  
12 do?

13 A I did, yes, sir.

14 Q And can I assume that you encouraged her to  
15 come and be part of it?

16 A She looked at me like I was crazy. She said,  
17 you're the heir apparent of all these. Why would you  
18 ever leave? And she goes, stop joking. And I looked at  
19 her and said, I'm not joking. Come down to Florida,  
20 you, Robbie, her husband, guys, in a nice, quiet office.  
21 There won't be anymore 24/7. We would have clients  
22 yelling and screaming. We'll get your house, we'll get  
23 your little picket fence and live in a nice, new regular  
24 law office practice, which lasted about four days.

25 Q You didn't tell her you wanted to go big and

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1 have these big dreams and all that?

2 A I didn't have that idea. I didn't have that  
3 thought. I never ever imagined.

4 Q When you hired her in 1989 in Charlotte in  
5 this to be new office, how many people were staffed in  
6 that office in 1989?

7 A Well, I started the office from scratch.

8 Q Right.

9 A And there were three attorneys, probably a  
10 staff of six.

11 Q Can I assume she left in 1993?

12 A She did leave in -- at the end of 1993, the  
13 same time I left.

14 Q Okay. At that time, how many attorneys were  
15 in the Charlotte office?

16 A It's a pretty big office, about 20.

17 Q Okay. And how many staff?

18 A 45, 50 power sales, I would say.

19 Q Between 1989 and 1993, how much contact did  
20 you have with Cheryl Sammons?

21 A I spoke to Cheryl -- Cheryl -- I spoke with  
22 Cheryl on a -- almost daily basis.

23 Q Why?

24 A Because she left the Charlotte office,  
25 probably six months after, her starting there, she was

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1 great at implementing. She was good with people. She  
2 was great with clients. So, I asked her if she wanted to  
3 be on the national level and help me manage all the  
4 offices that I had and she accepted.

5 Q Let me make sure I understood you. With  
6 regard to Cheryl Sammons' employment at LOGS, that  
7 lasted six months at the Charlotte office that you had  
8 just opened?

9 A That is correct. Yes, sir.

10 Q She resigned?

11 A She went to the National Payroll and became a  
12 national employee.

13 Q So, you pulled her, so to speak, from the  
14 single office. You obviously saw something in her and  
15 said she could be of asset to me clarity with the powers  
16 to be, assuming, and you put her on to the national  
17 seat.

18 A She'd be an asset to the national  
19 organization, and first and foremost, to allow me to  
20 continue doing what I do.

21 Q All right. But during this entire time, 1989  
22 to 1993, she stayed in Charlotte?

23 A She maintained her residence there, to the  
24 best of my knowledge. I think so her husband lived  
25 there, and she would be on the road either with me or

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1 helping me do what needed to be done.

2 Q What did she do?

3 A She would go in and do some interviewing, some  
4 review of reports. She was key to me in reviewing  
5 reports in terms of achieving milestones, how were these  
6 offices moving. Can't rely on the offices to  
7 self-report, so we go in and do a spot check.

8 Q National Auditors?

9 A National Auditors.

10 Q Since you --

11 A But that was -- that wasn't her name. I can't  
12 repeat that. But --

13 Q Since you established the policies and  
14 procedures, by this time implemented them, you  
15 obviously -- I'll use the word "taught" her your  
16 systems, and she was sharp enough to understand that and  
17 then follow up LOGS' policies.

18 A Accountability and visibility mean two key  
19 components and accountability would be done through  
20 reports, as basic as they were back then, vis-a-vis what  
21 we're able to establish today, especially someone like  
22 Rick Powers. That was exactly what was assumed.

23 MR. SCRUGGS: Can we take a break?

24 MR. JAFFE: Sure.

25 (Thereupon, a short break was

1 taken.)

2 (Deposition resumed.)

3 Q (By Mr. Jaffe) At time that you left LOGS and  
4 Ms. Sammons left LOGS, how many attorneys were employed  
5 with LOGS around the country?

6 A I don't know.

7 Q Ballpark?

8 A I have no idea.

9 Q More than a thousand?

10 A I don't know.

11 Q More than 500?

12 A I'm sorry. I don't know. I don't recall.

13 Q Okay. We do know at least 33 offices at that  
14 point, correct?

15 A There were, yes, sir.

16 Q Okay. Do you have a recollection of the  
17 average number of lawyers per office?

18 A Yes, sir.

19 Q How about the average number of staff per  
20 office?

21 A I don't recall.

22 Q Okay. So, is it fair to say that there were  
23 at least a thousand staff members nationwide for LOGS at  
24 that time?

25 A For LOGS, I would -- I would say at least,

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1 yes, sir.

2 Q Okay. At the time you left LOGS, what was  
3 your job responsibility?

4 A At the time I left LOGS, my job responsibility  
5 was to oversee the offices that I had either  
6 restructured or -- or in the process of restructuring.  
7 The intent lies for me to have offices up and running  
8 efficiently without my day-to-day interaction.

9 Q Okay. And what was Ms. Sammons' job  
10 responsibility at that time?

11 A To review reports, ensure that time frames  
12 were being met, that operational guidelines, policies  
13 and procedures were being followed.

14 Q Both of you, at that time, "that time" being  
15 1991, 1992, understood and had business in the state of  
16 Florida on behalf of LOGS?

17 A Yes, sir.

18 Q The Tampa office had closed?

19 A Yes, sir. But that was not one of my offices.

20 Q Okay. Did Ms. Sammons -- prior to,  
21 Ms. Sammons coming to South Florida to work with you,  
22 did she have any training or experience in dealing with  
23 state of Florida foreclosure process?

24 A Not while -- not a while, working with me.

25 Q At LOGS?

1 A At LOGS.

2 Q Okay. Do you know if she had any prior  
3 experience, in other words?

4 A I don't know.

5 Q All right. And I believe you testified  
6 earlier that you were in daily contact with Ms. Sammons  
7 at that time? "That time," again, being late or early  
8 1990s up until the time you guys left LOGS.

9 A Pretty much in that.

10 Q Okay. All right. So, your referenced you  
11 drove up to Orlando to get your first client in 1994.  
12 Did I hear you accurately?

13 A I believe it was either towards the end of  
14 1993 or the beginning of 1994 after I had given my  
15 notice to LOGS, but was uncertain what type of law I was  
16 going to practice.

17 Q Who is your first client?

18 A My first client was three of them:  
19 CitiMortgage, Chase and Bank of America, which was  
20 Nation's Bank or NCMB, actually.

21 Q And did you get retained during that trip up  
22 to Orlando?

23 A No, sir.

24 Q All right. So, you opened in January of 1994.  
25 I believe you said within four months, that things

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i       started moving, paraphrasing of course.

2       A     Certainly, things started moving fairly  
 3       quickly.

4       Q     At what point did you decide that you were  
 5       going to operate a foreclosure business, legal business?

6       A     I guess I always knew at some point that I  
 7       would do foreclosures, but I wanted to do other types of  
 8       law --

9       Q     Like what?

10      A     -- as well. I like criminal law. I like the  
 11      contract law. When you become a solo practitioner, you  
 12      do whatever you need to do, as you know. So, I didn't  
 13      have my sight set on anything, and I really was  
 14      uncertain, at the end of the day, how successful or  
 15      how -- how successful, I guess, I would be in taking  
 16      work for LOGS because we always have long-standing  
 17      relationships. So, I really wasn't sure where I was  
 18      going to be.

19      Q     Okay. What did you mean when you said within  
 20      four months, things changed?

21      A     Almost from Day 1 when I reached out to those  
 22      three clients, they all agreed to give me work. So,  
 23      things changed certainly before four months. And I  
 24      apologize, I don't remember alluding to four months.  
 25      But if I go back through the history, to the best of my

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i       Q     Do you recollect who your first legal hire  
 2       was?

3       A     Legal as in law -- lawyer?

4       Q     Yes. I'm sorry.

5       A     There was an attorney by the name of  
 6       Michael Chase that was across the hall and he was  
 7       looking for extra work, so I hired him as a counsel and  
 8       paid him on a case-by-case basis. As court appearance  
 9       were needed, telephonic hearings were needed. His  
 10      wife, Barbara Chase, also an attorney, was my first  
 11      lawyer hire.

12      Q     Did you ever actively go to court as a lawyer  
 13      in Florida?

14      A     Yes, sir.

15      Q     Okay. And how quickly into your own personal  
 16      practice did you appear in court? Or was -- you opened  
 17      at January 1st, 1994. Do you have a recollection of how  
 18      quickly you were in --

19      A     I believe 30 days on the motion to dismiss.

20      Q     Okay.

21      A     This is why it's totally different. They are  
 22      LOGS', because I wasn't an attorney. Now, I've become  
 23      an attorney -- or I became an attorney going in, arguing  
 24      cases, familiarity with case law, familiarity with the  
 25      rules of civil procedure. Everything was done

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i       recollection, there was something happening positive and  
 2       not be on a weekly basis. And we continue to grow and  
 3       grow and grow.

4       Q     So, you quickly learned that relationships you  
 5       had established over the last eight years at LOGS were  
 6       now paying off as it relates to your own personal law  
 7       office?

8       A     The relationships were paying off, that is  
 9       correct.

10      Q     They obviously recognized talent.

11      A     Or they appreciated me on my knees with no  
 12      direct deposit knee pads on.

13      Q     So, you begged for business?

14      A     I did, yes, sir.

15      Q     And they gave you the business?

16      A     They gave me an opportunity to earn it.

17      Q     Now, Ms. Sammons was your first employee; is  
 18      that fair?

19      A     She was.

20      Q     How quickly did you begin adding staff to the  
 21      Law Offices of David J. Stern, P.A.?

22      A     Probably two weeks.

23      Q     Okay. And what type of staff: Staff or  
 24      lawyers or both?

25      A     Yes, both.

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i       differently from the LOGS.

2       Q     Because now, you're a practicing attorney?

3       A     Well, because I'm a practicing attorney and --  
 4       remember, everything I did at LOGS had to come with the  
 5       scrutiny of the national office. In that one day when  
 6       Gerry didn't want me to do what I needed to be done or  
 7       felt needed to be done, it was a series of on-going  
 8       denials. No, you can't do it this way; no, you can't do  
 9       it this way; no, you can't do it this way. And then one  
 10      day, he said, "No, you can't do it this way. If you  
 11      think you can do it better, then go out and do it." And  
 12      that's exactly right. I said goodbye and created things  
 13      that I wanted to do my way.

14      Q     Right. Okay. So, how quickly did you  
 15      institute the David J. Stern systems into your new new  
 16      law office?

17      MR. SCRUGGS: Objection to form. Vagueness.  
 18      Undefined terms.

19      A     What do you mean David J. Stern way of doing  
 20      things?

21      Q     (By Mr. Jaffe) Well, during the eight years  
 22      you're with LOGS, you've established policies and  
 23      procedures on how you believe to best run a foreclosure  
 24      practice, and you've instituted those policies and  
 25      procedures. Did you take what you learned there and

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1       established at LOGS and instituted in your law office in  
2       January of 1994?

3       A     No, sir. Not for the most part because the  
4       states that I established policies and procedures were  
5       states different than Florida.

6       Q     Okay.

7       A     There were things that were the LOGS -- in way  
8       of the LOGS' philosophy, LOGS' budget constraints and  
9       lots of things that I wanted to do that I couldn't do.  
10      And, of course, Florida was a -- a totally different  
11     sort of state. So, I was able to come up with different  
12     ideas, different technology, different reports, and I  
13     didn't have the accountability to the national office.  
14     My accountability became direct to the client. So,  
15     processes -- the collar was taken off me, the rains were  
16     gone and I was free to run as I felt, yes.

17      Q     Explain this to me though. My only confusion  
18     is when you first came into the LOGS Group, you were out  
19     at the Tampa office which you turned into a distressed  
20     office where you were with for three months. And I  
21     thought your job responsibility when you went nationally  
22     was to clean up, for lack of a better word, distressed  
23     offices.

24      A     When I started in Tampa, it was a distressed  
25     office. My primary focus there was -- it was distressed

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1       have working on, ballpark?

2       A     I don't recall.

3       Q     Two?

4       A     Counting myself?

5       Q     Sure.

6       A     Who will be part of the team? 85.

7       Q     In late -- end of 1994, how much staff did you  
8       have, non-legal staff, approximately?

9       A     Thirty.

10      Q     Had you moved locations already?

11      A     Don't hold me to the time frame, but we  
12     quickly moved from North Miami Beach to Hollywood.

13      Q     Where in Hollywood?

14      A     4600 Sheridan Street, Hollywood, Florida.

15      Q     From 800 square feet in North Miami to how  
16     much in Hollywood?

17      A     North Miami, went from 800 to 1,600 --

18      Q     Okay.

19      A     -- to 2,400 to 3,200. We then outgrew the  
20     space. We were hated because we took all the parking.  
21     So, we moved to Hollywood where we took 6,000 square  
22     feet.

23      Q     Was that in 1994? Right when you moved into  
24     1995-ish --

25      A     If I'm guessing, we moved into early 1995-ish.

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1       because there were issues in post-sale and evictions.  
2       So, I was able to go in, and in my mind, create systems.  
3       It wasn't, here's what I want to do and it's blast. It  
4       was like David, you need to sit down. Take a deep  
5       breath. You need to understand that, A, you have no  
6       experience; B, you're not a lawyer and C, there are  
7       established guidelines that are uniform. That's why  
8       clients used the LOGS Group because they have uniformity  
9       and guidelines were appropriate within the given states.

10      Q     So, when you opened up your Florida office in  
11     January of 1994, did you put into place your idea of how  
12     you wanted to run David J. Stern, P.A.?

13      A     I did, yes, sir.

14      Q     Okay. And Ms. Sammons and yourself worked on  
15     a daily basis to establish those guidelines and  
16     protocols?

17      A     Yes, sir.

18      Q     And when was the first time you created a  
19     policy and procedure manual for your law office?

20      A     I would say almost from Day 1.

21      Q     And was it -- when you first opened your  
22     office, what title company did you use?

23      A     Attorney's title, abstract, attorney, the  
24     fund.

25      Q     By the end of 1994, how many attorneys did you

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1       Q     Okay. How long did you stay in Hollywood?

2       A     I've -- I'm thinking about a year, and then we  
3       moved to Plantation, Florida, 801 South University  
4       Drive, Plantation, Florida 33324. We --

5       Q     I'm sorry. When was that?

6       A     That was 1990- -- I want to say 1995, 1996.

7       Q     Oh, so, you only stayed in Hollywood a very  
8       short time?

9       A     We outgrew the space.

10      Q     Okay. How much square feet did you take at  
11     your first Plantation office, the 801 space?

12      A     Either -- I think it's 32,000 square feet.  
13     More than we needed, but space was like \$7 per square  
14     foot or it's \$5 per square foot plus cam charge of \$7.  
15     It was owned by a Trust and the Trust wanted us to take  
16     the whole thing. It used to be a Stein Mart. So, at  
17     the end of the day, they ended up probably paying me  
18     rent.

19      Q     Timing is everything. When you moved to  
20     Plantation, approximately how many lawyers did you have  
21     work for you?

22      A     When I first moved there?

23      Q     Yes.

24      A     10, 12. I -- I can't remember.

25      Q     And approximate staff?

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1 A A hundred.  
2 Q What was Ms. Sammons' job title at that point?  
3 I know you don't like job titles but just --  
4 A No, she had one. Everybody has to have one,  
5 you know. She was the office manager.  
6 Q More importantly, what were her job  
7 responsibilities?  
8 A When we moved to Plantation?  
9 Q Yes, sir. Oh, actually, did they change from  
10 at the time you moved in North Miami to Plantation?  
11 A Well, when we were in North Miami, she did  
12 everything. She did proofs of claims in bankruptcy, she  
13 wrote checks, she helped me do closings. She did it  
14 all. When we moved to Plantation, she was the office  
15 manager in charge of hiring and firing in all areas.  
16 She -- we developed a whole new set of tracking,  
17 processes. Everything had changed from the LOGS' days.  
18 So, she would assist me as a liaison with -- speaking  
19 with clients, which, in the past, would never have  
20 happened. And she did interviews --  
21 Q At this stage in her career, it sounds like  
22 she could effectively do every aspect of the business  
23 except appearing to court?  
24 MR. SCRUGGS: Objection to form.  
25 MR. TEW: Yeah, same objection.

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1 A What period of time.  
2 Q Fair enough. Early 1996, if you remember.  
3 A Sam Silvergate, attorney with me almost from  
4 the beginning. In my opinion, he's one of the leading  
5 authorities with title and helped established our title  
6 operation and maintained the relationship with  
7 attorney's title.  
8 Q When did he become employed by David J. Stern,  
9 P.A.?  
10 A 1994, early.  
11 Q Okay. And Sam later headed up what was then  
12 to be known as Professional Title & Abstract?  
13 A That is correct, yes, sir.  
14 Q And so, is it fair to say that you had daily  
15 contact with Sam -- 1994 to, certainly, 1996, you had  
16 daily contact with Sam?  
17 A No.  
18 Q And why is that?  
19 A Title -- title, there's no reason for me to be  
20 involved or anything.  
21 Q Was he on your physical plant, Sam, at that  
22 time frame?  
23 A In our facility?  
24 Q Yeah.  
25 A In our office? Yes, sir.

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1 A I disagree.  
2 Q (By Mr. Jaffe) Okay. What couldn't she do  
3 effectively at this point in 1996?  
4 A She didn't have relationships with client, she  
5 couldn't do client development. She could speak to them  
6 to answer a status question but she couldn't go out and  
7 draw up a business.  
8 Q Fair enough. Let's carve out business  
9 development.  
10 A Okay.  
11 Q In-house back office stuff, she could  
12 effectively run each element of the business of  
13 David J. Stern, P.A.?  
14 A No, she couldn't do the accounting, she  
15 couldn't do the evictions, she couldn't do the  
16 bankruptcies, she couldn't do the contested cases, she  
17 couldn't do the title, the searches or the exams, she  
18 could, certainly, if I needed her to do a proof of  
19 claim. But at that point in time, things became  
20 electronic-based or -- so, that wasn't her -- her job  
21 description. So, I have to disagree.  
22 Q Did you have somebody that would review titles  
23 at that point?  
24 A I did, yes, sir.  
25 Q Who -- or how many? Who? Excuse me.

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1 Q Okay. Sam was employed by you and paid by you  
2 at that time.  
3 A I'm not sure if he was paid by the law  
4 offices. I -- I -- I don't recall. He was -- he was  
5 obviously paid, not by me individually or personally.  
6 He was either paid by the Law Offices of David J. Stern  
7 or Professional Title & Abstract.  
8 Q When was Professional Title & Abstract  
9 incorporated?  
10 A 1994.  
11 Q And who incorporated it?  
12 A I don't know.  
13 Q Who were its officers?  
14 A Myself.  
15 Q Who were its directors?  
16 A Myself.  
17 Q Was there anybody besides yourself on the  
18 board?  
19 A I don't believe so.  
20 Q Okay. Can you give me an idea of the volume  
21 that David J. Stern was opening on a monthly basis in  
22 1996 once you've moved to Plantation?  
23 A 1996 -- I -- I can't. I'm sorry.  
24 Q In 1996, when you moved into Plantation, can  
25 you tell me what departments you had? When I say "you,"

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1 I'm taking about David, the law office.

2 A Well, there was Professional Title & Abstract,  
3 there was foreclosure department, there was a bankruptcy  
4 department, there was an eviction department. There  
5 would be essential departments that were necessary to  
6 provide full capacity record, mortgage lend direct  
7 presentation.

8 Q And at this point, you had instituted the  
9 systems with no-collar on your ability to create  
10 systems, like you had a lot, you would get instituted  
11 those systems within to -- into your law office.

12 A With any practice, there is going to be  
13 systems, processes and procedures. I did not like the  
14 way of LOGS, their methodology, their technology. I  
15 liked a very little from there. So, as I've said, if  
16 you said my reigns were removed and I was free to do  
17 things consistent with my dream.

18 Q And you did that?

19 A And I did that, yes, sir.

20 Q And Ms. Sammons instituted those systems as  
21 adjunct to you?

22 A What time period?

23 Q 1996.

24 A She would not have instituted all of them. It  
25 would have been -- with LOGS, they've -- LOGS had

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1 Q You can't change. And --

2 A I've been working 24/7 since I was 10 years  
3 old.

4 Q I assume Cheryl Sammons worked similar hours  
5 as you did?

6 A No, sir. I don't require sleep or food. She  
7 requires sleep and food.

8 Q Okay. With respect to when she do work, there  
9 was a plenty of time for you to explain and express your  
10 vision to her?

11 A Yes, sir.

12 Q Okay. And now that the collar is off, you did  
13 that and you established the systems that you wanted to  
14 place within your law office?

15 A Better procedures than LOGS had, more  
16 effective, more efficient, all the way around.

17 Q And taught into her or she'd learned and --

18 A Taught into her, she learned, she threw in her  
19 two cents.

20 Q And then carried them out through staff?

21 A The policies and procedures, sometimes without  
22 her two cents and sometimes her two cents.

23 Q Okay. In 1998, did your business take a turn  
24 for the better?

25 A My business took a turn for the better every

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1 central accounting, central HR. We have our own  
2 accounting. Cheryl couldn't do that. HR, Cheryl  
3 couldn't do that. Insurance, workman's comp, Cheryl  
4 couldn't do any of that. Totally different, totally --  
5 totally different world. Cheryl didn't have the  
6 expertise to implement requirements under the bankruptcy  
7 code or in litigation department, just things that she  
8 couldn't do. They were more in the foreclosure area and  
9 perhaps working with HR, assisting in some hiring,  
10 second interviews, whatever the case may be.

11 Q With regard to the foreclosure department, she  
12 was able to institute your systems in a foreclosure  
13 department?

14 A Correct. Correct.

15 Q And that had been her specialty with you  
16 previously?

17 A Well, it -- it had, but that was with the  
18 Shapiro vision, not with my vision. So, I had to say,  
19 no, no, we're not going to do it that way.

20 Q Right.

21 A And she learned quickly before she went down  
22 that road more than not. We actually went the opposite  
23 direction.

24 Q Were you working 24/7 at this point?

25 A Yes, sir.

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1 year.

2 Q Fannie Mae named you to the attorney network  
3 in 1998?

4 A I'm not sure which year.

5 Q Was that of any significance to your ability  
6 to grow your business?

7 A For Fannie Mae?

8 Q Yes.

9 A Certainly nice to have on your resume but when  
10 we were selected as Fannie Mae attorney, there was no  
11 requirement that the services use Fannie Mae attorney  
12 network. I believe at that point in time, we had  
13 established very solid client base. And had we not been  
14 selected under the -- the structure of the program back  
15 then, we didn't feel that it would really hurt us  
16 because relationships had been established. It could  
17 certainly help us as new services or potential new  
18 clients go into the Fannie Mae service or approve.  
19 Attorney Weston said, "Hey, if you're good enough  
20 for Fannie, we'd use you." So, if -- if your year  
21 of 1998 is correct in that, and I don't recall if  
22 it is, if we have just starting off that year, it would  
23 have probably been a great thing. But had we already  
24 been established, again, under your timeline, four years  
25 earlier, I don't think it made no difference.

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1 Q The fact that you were named attorney of the  
2 year in 1998 and 1999 by Fannie Mae, did that have any  
3 positive impact on your business?

4 A I'm not certain if -- if it was those years,  
5 but it was certainly something I believe that the  
6 industry recognized. It's something that I, again, put  
7 on my resume. I unfortunately, while in attendance at  
8 the Mortgage Banker conferences, didn't have clients,  
9 you know, like poodle on my legs saying, oh, my  
10 God, you are the attorney of the year. Come and get my  
11 files. But from a personal achievement and the  
12 achievement of my folks and a part of success is sharing  
13 it with the people that have gotten where they are. And  
14 I felt, I think, more proud for them in their  
15 accomplishments necessarily than for me.

16 Q When is the last time you handled a  
17 foreclosure in a courthouse in person?

18 A You guys are supposed to object. What do you  
19 mean "handle"?

20 Q Went to the courthouse on behalf of a client.

21 A Six, seven months ago.

22 Q So, would you agree with me that you yourself  
23 have maintained an active courtroom presence in the  
24 South Florida market handling foreclosures on behalf of  
25 clients?

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1 Q When did you think you relinquished?  
2 Approximately what year? It was in the 1994?

3 A From 1994 till seven months ago, I went to the  
4 court with some frequency. Maybe -- I went to court at  
5 some point that maybe or it's just once every month,  
6 once every three months. In 1994, I was doing  
7 telephonic hearings and I was appearing in the  
8 tri-county. If I go back, you know, two or three times  
9 a week, certainly, in 1995, that was not what I -- I  
10 did.

11 Q How about 1996? All I'm trying to get through  
12 is the time frame in which you became, like you said,  
13 less involved in the court system operations of your  
14 business and more involved in client development and  
15 overall running of the operation.

16 A Certainly, 1996, 1997 --

17 Q Okay.

18 A -- simply because trying to keep up with case  
19 law, trying to find time -- David, you're visiting a  
20 city in St. Louis, you need to sign this pleadings. At  
21 the training, that is necessary -- necessary. As local  
22 rules change, judge requirements change. So, it got to  
23 a point where it was quite clear in my mind and the  
24 minds of the trusted attorneys from the senior level  
25 that I better not be the cook in the kitchen anymore.

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1 A I wouldn't -- . Given the fact that we have  
2 thousands and thousands and thousands and tens of  
3 thousands of cases and the fact that I went seven months  
4 ago, I would not say that I personally maintain activity  
5 or really any hands -- just take hand -- hands-on  
6 activity from an operations standpoint in -- in several  
7 years.

8 Q Let's see if I can put some brackets on these.  
9 You went to court when you opened your own office in  
10 1994?

11 A Yes, sir.

12 Q Did you maintain an active courtroom practice  
13 for any period of time when you had your own office?

14 A I'm going back, obviously, further than I care  
15 to say, 17 years. But in the beginning where it was  
16 just myself and my chains of counsel, I did go to court  
17 for a few months. My focus at that point in time became  
18 quite clear. Do I go to court or do I take care of the  
19 clients in the client relations? I can hire people all  
20 day long to go to court. I could not nor did I have any  
21 desire to try to hire any marketing folks. That has  
22 always been my forte. So, it was very quickly that I  
23 relinquished my court functionality. It's nice to go  
24 every once in a while. It's actually or it was quite  
25 flattering to go to court.

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1 Q What was your best guess what year that was?  
2 A More so sooner than later. I -- I would say  
3 1996, 1997.

4 Q Okay. Who was your first managing attorney?

5 A Well, when it was just Cheryl and I, it was  
6 me. It was Mary Mendieta.

7 Mary was hired in 1994.

8 Q Okay. So, Cheryl Sammons and Mary Mendieta  
9 were with you since 1994. I guess you just said that.

10 A On full circle, I haven't. Well, yes, sir,  
11 that's correct.

12 Q So, keeping good staff is an important part of  
13 your business?

14 A Keeping good, educated, hard working staff is  
15 key to any business. It doesn't matter if it's the  
16 7-Eleven or Walmart or AutoNation.

17 Q 1998, your office was sued in a class action  
18 and that class action resolved; is that correct?

19 A In 1998, our offices -- my office was sued in  
20 the Bryant class action as where two other big  
21 competitor law firms, the Codilis Law Firm and the  
22 Shebria Law Firm.

23 Q And that case was resolved?

24 A That case was resolved, yes, sir.

25 Q Do you recollect, as you sit here today, what

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i the allegation was in that case? And I say the  
2 allegation.  
3 A Allegations?  
4 Q Fair enough.  
5 A Overcharging for title, which in Codilis case,  
6 the Judge said 325 is fine. Because that's what Fannie  
7 and Freddie said could be charged. They alleged that we  
8 needed to keep time records, which in the Codilis --  
9 Beck v. Codilis the court said they will need to do.  
10 The only issues that we had unresolved that never went  
11 to hearing because they were settled or they did not  
12 like the way that Professional Title & Abstract was  
13 structured, they felt who was a shelf corporation  
14 because it wasn't formalized. Period of settlement, we  
15 agreed to formalize it. We also --  
16 Q When you say "formalized," what does that  
17 mean?  
18 A They didn't like the way that it -- that  
19 payroll was set up or the lack of payroll was set up.  
20 They didn't like the way -- that it need the appearance  
21 of a shelf corporation. What they did conceive was the  
22 amount that Professional Title and the law firm charged  
23 for Title was reasonable and customary.  
24 Q You ultimately paid 2.2 million to settle that  
25 case?

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i A Insurance company, yes, sir.  
2 Q Unfortunately, in 2002, there was a bar  
3 grievance filed against you?  
4 A Yes, sir.  
5 Q In 2002, were you publicly reprimanded?  
6 A Yes, sir.  
7 Q And what was the basis of that, if you  
8 recollect?  
9 A It was Professional Title & Abstract, the fact  
10 that the court felt we were misleading by providing  
11 invoices from Professional Title & Abstract when  
12 Professional Title & Abstract appeared to be a shelf  
13 corporation. And again, the Florida bar, in terms of my  
14 public reprimand, did recognize that the charges were  
15 customary and reasonable. They just didn't like the  
16 fact that we said Professional Title bill the law firm  
17 325 when they were an area of Professional Title but no  
18 true Professional Title & Abstract employees.  
19 Q At what point did your law office begin using  
20 a centralized computer system? It seems like a stupid  
21 question, but please answer it.  
22 A Well, Cheryl and I had two 386s hooked  
23 together. So, I would say January 1st, 1994.  
24 Q Okay. And did your law office and each of its  
25 developing departments over the years continue to use a

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i centralized computer system?  
2 MR. SCRUGGS: Objection to form.  
3 A I'm not sure what your definition of  
4 "centralized" is, if one cord goes to the other cord.  
5 Yeah, but that's a -- a techie question. And you would  
6 need Norman Gottschalk to help me.  
7 Q (By Mr. Jaffe) All right. Let's go there and  
8 get that out of the way. Who would be the person with  
9 the most knowledge to answer IT-type questions of mine?  
10 A The chief information officer, Norman.  
11 Q Full name, please.  
12 A Norman Gottschalk.  
13 Q Spell the last name for the court reporter.  
14 A G-O-T-T-C-H --  
15 MR. BERNSTEIN: -- S-C-H-A-L-K.  
16 A -- A-L-K. I'm lost without my BlackBerry, the  
17 piece of technology I do know.  
18 Q (By Mr. Jaffe) Okay.  
19 MR. BERNSTEIN: Just for clarification, he is  
20 the chief information officer at DJSP Enterprises.  
21 It's not a law firm.  
22 Q (By Mr. Jaffe) How long was he been employed  
23 in your world?  
24 MR. SCRUGGS: Objection to form.  
25 MR. TEW: Same objection.

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i A He went public in January of 2010. Created  
2 the back office 13 months, 12 months, something like  
3 that.  
4 Q (By Mr. Jaffe) So, in the 2000 areas, 2001,  
5 2002, 2005, in that time frame, who ran your computer  
6 system?  
7 A Vince Petrov.  
8 Q Okay. And what years did he work for the law  
9 office?  
10 A Vince worked for the law office, I'm guessing,  
11 somewhere in 1986 -- 1996. 1996. And then he became an  
12 employee of DJSP on October -- on January 15th.  
13 MS. DOUCETTE: January 15th?  
14 A January 15th -- I'm sorry -- 2010.  
15 MS. DOUCETTE: I'm sorry, I didn't hear him.  
16 MR. JAFFE: It's okay.  
17 Q (By Mr. Jaffe) And you don't like job titles,  
18 so I'm going to just ask it this way, he ran your  
19 computers up until January 15th, 2010, your computer  
20 systems?  
21 A Yes, yes. I don't -- I don't know what his  
22 title.  
23 Q That's why I didn't ask. To the best of your  
24 knowledge, is he still employed with DJSP?  
25 A He is not.

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1 Q Do you know where he is?  
2 A I do not.  
3 Q Are you able to tell me on an annual basis  
4 what type of caseload your law office maintained in the  
5 mid-2000s, for example, 2005, 2006?  
6 A As I sit here today, no.  
7 Q Okay. If I were to say to you that I've read  
8 somewhere -- and again, that's why I'm asking, I've read  
9 somewhere that you've handled approximately 15,000  
10 foreclosures, you, your office in 2006 throughout the  
11 State of Florida, does that sound accurate?  
12 A I'm sorry, all the years all run together.  
13 Q Okay. Did there come a time after 2006 where  
14 your business took a dramatic increase?  
15 A Yes.  
16 Q And when would that have occurred?  
17 A We've been in our existing space, 900 South  
18 Pine Island Road, Plantation, Florida 33324 for three or  
19 four years. So, that's when the business had dramatic  
20 growth. So, doing some math, I would say 2007, 2008.  
21 Q All right. Let me back up a little bit. I'm  
22 sorry for not doing that earlier. You moved into, I  
23 believe, 801 space in Plantation in 1996, correct?  
24 A Well, let's see, we have a 10-year lease  
25 there. Simply, we stayed there until 1996, 2006 but

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1 A It was a company that I created that  
2 specialized in real estate owned liquidation on behalf  
3 of lenders.  
4 Q You created it when?  
5 A 1999 -- 1998, 1999.  
6 Q Who were the officers and directors?  
7 A Myself.  
8 Q And were you the managing member?  
9 A I believe, yeah.  
10 Q In --  
11 MR. SCRUGGS: Okay. Managing member, I think  
12 default services of the corporation.  
13 MR. JAFFE: Right. That's what I know.  
14 MR. SCRUGGS: All right. So, it wouldn't be  
15 managing --  
16 MR. JAFFE: Correct. That's why I didn't  
17 follow up on it.  
18 Q (By Mr. Jaffe) Would you agree with me that  
19 between 2006 and 2009, your staff triples from  
20 approximately 400 to approximately 1200?  
21 MR. SCRUGGS: Object to the form of the  
22 question.  
23 A What were the dates again?  
24 Q (By Mr. Jaffe) 2006 to 2009.  
25 A There's huge increase. I don't -- I don't

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1 then we had somewhere near about that years -- or a  
2 couple of years.  
3 Q Okay. All right. Now, then you moved into  
4 the 900 South Pine Island Road space?  
5 A Yes, sir.  
6 Q Okay. In approximately 2006, 2007?  
7 A 2007, 2008.  
8 Q Okay. Did you vacate the 801 space completely  
9 at that point?  
10 A Yes, sir.  
11 Q Did you have any other space in Plantation at  
12 that point other than the 900 space?  
13 A For what?  
14 Q Anything.  
15 A Yes, sir.  
16 Q What would that have been?  
17 A I had default servicing in Louisville,  
18 Kentucky.  
19 Q Okay.  
20 A This is when I moved in, 2008. A couple of  
21 storage areas, that's all Arena Default Servicing.  
22 Professional Title and the law offices -- Professional  
23 Title was with the law offices at that time.  
24 Q Okay. Default servicing, what was that? In  
25 this time frame? 2007?

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1 know if it tripled. I have to check with HR on that.  
2 Q Let's talk about HR for a second. Who was  
3 your first director of HR? Cheryl Sammons, 1994?  
4 A Or me.  
5 Q Or you?  
6 A Gosh. There were a couple of people. I -- I  
7 cannot remember their names. And then Shameeza Ishahak.  
8 Q Please try to spell that for the court  
9 reporter.  
10 A I should know how to spell all these names,  
11 but Shameeza's been gone for a while. I don't want  
12 to -- I don't want to butcher it. Okay.  
13 S-H-A-M-E-E-Z-A then I-S-H-A-H-A-K.  
14 MR. JAFFE: Ladies and gentlemen, it's 12:05.  
15 I think we should break for lunch. At this point,  
16 certainly, I have lots more to cover, but I think  
17 we should probably grab some lunch. And I'd like  
18 to be back 1:00. Is that doable?  
19 MR. SCRUGGS: Yeah.  
20 MR. JAFFE: All right.  
21 (Thereupon, a short break was  
22 taken.)  
23 (Deposition resumed.)  
24 Q (By Mr. Jaffe) All right. We're back on the  
25 record for our afternoon session. I'm going to pick up

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1 with your move into the 900 South Pine Island Road  
2 location. Okay?

3 A Yes, sir.

4 Q All right. And just for time frame purposes,  
5 that's some time between 2007, 2008, correct?

6 A Yes, sir.

7 Q All right. At that time -- and that is the  
8 space that up to about recently or maybe even now is  
9 currently occupied with the Stern operations; is that  
10 correct?

11 MR. SCRUGGS: Objection to form.

12 A When you say "Stern operations," what  
13 operations?

14 Q (By Mr. Jaffee) You know what, let's leave that  
15 alone. We'll get through to that in its natural course.  
16 When you moved into the 900 space, the law office and  
17 Professional Title and Abstract moved into that space,  
18 correct?

19 A Yes, sir.

20 Q And how many floors did you occupy initially?

21 A Initially, one floor.

22 Q And did there come a time where you occupied  
23 more than one floor in the 900 space?

24 A Yes, sir.

25 Q And how many floors ultimately did you occupy

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1 2006?

2 A Pine Island, uh-huh, 900. No, he said at any  
3 point in time.

4 MR. TEW: Well, then let's differentiate --

5 MR. JAFFE: At its height.

6 MR. TEW: All right.

7 MR. JAFFE: We're okay? All right.

8 A At its height, we would have occupied a small  
9 portion of --

10 MR. TEW: And you're talking about the law  
11 firm, not the --

12 A I was saying Stern --

13 MR. JAFFE: -- operations.

14 MR. TEW: Well, I object to that. There is no  
15 such thing as Stern operations.

16 MR. JAFFE: All right.

17 MR. TEW: It was a law firm until 2010, then  
18 there was DJSP Enterprises and subsidiaries and  
19 there was a law firm.

20 MR. JAFFE: I'll rephrase.

21 Q (By Mr. Jaffee) Up until December 31st, 2009,  
22 how many floors did the Stern Law Office and  
23 Professional Title and Abstract occupy?

24 MR. BERNSTEIN: Can I just clarify that you're  
25 asking in the 900 South Pine Island Road address

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1 at its height?

2 A When you say "floors," you're talking about  
3 four floors or portion of it?

4 Q Fair enough. Let's just keep it globally and  
5 then I'll narrow it down. Any portion of any floor.

6 A Five.

7 Q Okay. So, any reports that you occupied eight  
8 floors or any portion of eight floors is grossly  
9 exaggerated?

10 A We -- we did not occupy, in any way, shape or  
11 form, eight full floors.

12 Q How about eight partial floors?

13 A I'm sorry. Everything to do with this is --  
14 is -- is grossly magnified and outstretched. But having  
15 said that, we occupied all of four, all of five, all of  
16 six and all of seven and just a very small portion of  
17 two.

18 Q All right. Floor two?

19 A Yes, sir.

20 Q All right. So, all of four, all of five, all  
21 of six, all of seven, eight, to use your word, small  
22 portion of Floor No. 2?

23 A Yeah. But, you know what, I think ultimately  
24 we did make it to floor number eight.

25 MR. TEW: Now we're talking Pine Island in

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1 only?

2 MR. JAFFE: Sure.

3 A In December 31st, 2009, so that would have  
4 been 10. To the best of my recollection, we occupied  
5 four, five, part of six and all of seven.

6 Q (By Mr. Jaffee) And nothing on floor number two  
7 at that point?

8 A I do not believe so.

9 Q Okay. As of December 31st, 2009, did you have  
10 leases on any other space other than the 900 space, in  
11 different building?

12 A The Law Offices of David J. Stern?

13 Q Yes.

14 A We may have had some month-to-month leases in  
15 the building next door on a small scale.

16 Q What would that have been? What address would  
17 that have been?

18 A 1000 Pine Island.

19 Q As of December 31st, 2009, Default Servicing  
20 was still in Kentucky?

21 A Yes, sir, I believe.

22 Q Okay. How many employees did the law office  
23 have in December 31st, 2009 to the best of your  
24 recollection?

25 A I don't recall.

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1 Q How many lawyers?  
2 A I don't recall.  
3 Q Who is your managing attorney or attorneys in  
4 2009 -- December 2009?  
5 A Miriam Mendieta and Beverly McComas.  
6 Q When did Ms. McComas become employed by you,  
7 approximately?  
8 A 2000.  
9 Q How often would you meet with Cheryl Sammons  
10 in the Year 2009?  
11 A For what purpose?  
12 Q Any.  
13 A Which can typify any of the agreements in a  
14 while, once a month maybe.  
15 Q At that point in 2009 -- during the period of  
16 2009, did she have the authority to hire and fire?  
17 A She did have the authority to hire and fire,  
18 yes.  
19 Q Both lawyers and non-lawyers?  
20 A Not lawyers.  
21 Q Who had the authority to hire and fire  
22 lawyers?  
23 A Miriam Mendieta and Beverly McComas.  
24 Q Okay. Is it your testimony that you did not  
25 meet with Cheryl Sammons on a daily basis in 2009?

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1 A Absolutely, 100 percent, my testimony.  
2 Q Let me clarify my question a little bit. Is  
3 it a fair statement to say that any day you were in the  
4 office you would at least have a meeting with Cheryl  
5 Sammons?  
6 A Inaccurate statement.  
7 Q All right. Did you, as part of Cheryl  
8 Sammons' compensation, buy her a new BMW on an annual  
9 basis?  
10 A I did not.  
11 Q Did you buy her -- did you lease her a BMW on  
12 an annual basis?  
13 A Short term. Short term. She didn't want it.  
14 After she got it, she didn't want it.  
15 Q Okay. Have you ever leased Cheryl Sammons a  
16 car?  
17 A Yes.  
18 MR. TEW: "You" meaning who, the law firm?  
19 Q (By Mr. Jaffe) "You" being you, personally?  
20 A No, I did not.  
21 Q "You" being the law office?  
22 A Yes, sir.  
23 Q How many times?  
24 A Three times, four times.  
25 Q Approximate years?

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1 A I don't recall.  
2 Q Late 2000s?  
3 A Sure.  
4 Q Did you commonly pay her bills including her  
5 mortgage?  
6 MR. TEW: When you say "you" --  
7 Q (By Mr. Jaffe) You, personally.  
8 MR. TEW: Okay.  
9 A No, sir.  
10 Q (By Mr. Jaffe) The law office?  
11 A Pay which -- what bills?  
12 Q Any of her bills.  
13 A No, sir.  
14 Q Did you, on a regular basis, take her on  
15 business trips with you?  
16 A How do you define regular basis?  
17 Q At least twice a year.  
18 A Twice a year, yes, sir.  
19 Q Would you describe your relationship with  
20 Cheryl Sammons in 2009 as one wherein that you would  
21 often be found yelling at each other within your office  
22 or her office?  
23 A No, sir.  
24 Q In 2009, how would you describe her role  
25 within your law office?

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1 A In 2009, she was the operations manager. She  
2 have responsibility for the foreclosure side in  
3 conjunction with HR and worked on a day-to-day basis  
4 with Miriam and Bev to run the firm. It was her watch,  
5 Miriam's and Bev's watch.  
6 Q You were no longer the captain of the ship at  
7 that point, in your mind?  
8 A I would like to say I'm the admiral and then  
9 turned the command over.  
10 Q You earlier said that ultimately you are the  
11 captain of ship with regard to the logs operation. Were  
12 you always the captain of the ship with regard to your  
13 law office?  
14 A Based on what I just said, no.  
15 Q And you gave up being the captain of the ship  
16 in your mind when?  
17 MR. TEW: Let me get a definition of "captain  
18 of the ship."  
19 MR. JAFFE: It's his term.  
20 Q (By Mr. Jaffe) What is your definition of  
21 "captain of the ship" when you used it referencing the  
22 logs operations?  
23 A Who -- who's on watch, who's got the  
24 day-to-day control, who makes the business decisions.  
25 Q Okay.

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1       A When we moved into the 900 South Pine Island,  
2 when volumes increased dramatically -- you said three  
3 times and I said dramatically, I don't know what  
4 amount -- at that point in time, if not, prior, but  
5 certainly at that point in time, the day-to-day  
6 operations were turned over to Miriam and Bev, under  
7 their structure of supervision, there are other  
8 attorneys. And the operations, non-legal side, were  
9 turned over to Cheryl and her host of assistant  
10 managers.

11       Q In any one time in 2009, Ms. Sammons would  
12 have up to 60 people reporting to her? Does that sound  
13 correct?

14       A How do you define "reporting to her"?

15       Q Supervisors, managers.

16       A I don't -- I -- it wasn't my day-to-day involvement at that point in time, so I have no idea.

17       Q All right. And so I'm clear, it's your testimony that as far as your day-to-day involvement with the running of your law office, you had turned that over to Ms. McComas and Ms. Mendiendez at the time

21 you --

22       A Mendieta.

23       Q -- Mendieta at the time you moved into your  
24 900 South Pine Island space?

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1       Q Within the context of running your office --  
2 your law office?

3       MR. TEW: Object to the form of the question.  
4 Calls for a legal conclusion.

5       A Yeah. You lost me on that one. I'm sorry.

6       Q (By Mr. Jaffe) Who was your -- who was the  
7 manager or person in charge of Professional Title and  
8 Abstract when you moved into the 900 South Pine Island  
9 Road?

10       A From the attorney standpoint, Sam Silvergate.  
11 From the non-attorney standpoint, Carol Whitlow.

12       Q And that stayed consistent up until 2009 --  
13 late 2009?

14       A It did stay consistent.

15       Q Okay. Who supervised them?

16       A They were supervisors, they were managers,  
17 they were over their own department, they were over  
18 Professional Title and Abstract. To the degree that  
19 foreclosure overlapped or meshed with or had to work  
20 with, Cheryl Sammons work with Carol Whitlow to  
21 smooth -- to ensure smooth transition of the work, Sam  
22 Silvergate work with Miriam Mendieta and Beverly  
23 McComas. So, if there were problems, Sam would go to  
24 Miriam or Bev, or if things weren't getting done. It  
25 was a combination then of Sam, Carol, Cheryl Sammons,

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1       A I believe it was some time prior. I don't  
2 know exactly when, but it was about that time.

3       Q Why did you do that?

4       A Because I was busy drumming up the business,  
5 in your words, that huge increase, again, not three  
6 times. And that's a full-time role, going out, wining,  
7 dining, clients, putting on the seminars, speaking,  
8 taking care of the clients, being there, being present,  
9 accountable. And that's what I do.

10       Q And from the operation side of the business,  
11 Ms. Sammons is running the office; is that correct?

12       A The non-legal -- non-legal matters.

13       Q From the legal operation standpoint of the  
14 business, your two managing attorneys whose names are --

15       A -- Miriam Mendieta and Beverly McComas --

16       Q -- were running the operation at that point?

17       A The legal side?

18       Q Yes.

19       A Yes, sir.

20       Q And you would agree with me that, ultimately,  
21 you're responsible for all three of those people's  
22 actions and behaviors?

23       A Ultimately, I am responsible to ensure that  
24 there's adequate supervision. If they go out and kill  
25 somebody, I'm not responsible for that.

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1       Miriam and Bev.

2       Q With regard to your meetings with your two  
3 managing -- co-managing attorneys in 2009, how often did  
4 you meet with them in person or by telephone to discuss  
5 the operations of your law office?

6       A Once a month, with certainty and as needed  
7 with any manager. If a client called and said, "I'm  
8 going to pull the work if this doesn't happen," blah,  
9 blah, blah, blah, they had to come to me with that.

10       Q And how often do that happen, approximately?

11       A Maybe once a month, twice a month, where they  
12 felt the need to bring it to me. It may have happened  
13 more, but where it got elevated to me, thankfully, we  
14 have very solid relationships with the clients. And if  
15 the clients had issues, they would reach out to me  
16 really at the end of the day because I'm the one that  
17 cultivated and maintained the relationships.

18       Q Did Ms. Sammons expressed to you difficulties  
19 in properly staffing the law office once you move to 900  
20 Pine Island?

21       A Cheryl stressed to me that if I was going to  
22 continue to bring in additional volumes it would require  
23 additional staff. And with additional staff comes  
24 additional space, hence, the growth that we outlined and  
25 eight, nine, 10.

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1 Q Did she express to you the inability to find  
 2 staff with any experience?

3 A I don't recall.

4 Q Or said another way, was she complaining to  
 5 you that the staff that she was hiring was  
 6 inexperienced?

7 A I don't recall.

8 Q Did she express to you that it was just too  
 9 much work for the staff to properly be able to manage?

10 A No -- ah, let me take that back. She did. In  
 11 2008, I want to say, she did come to me and said -- it  
 12 was October, I believe, October 2008, maybe on October  
 13 2007 -- and said, "David, the paralegals have too much  
 14 work." And I go, "Which paralegals?" She told me what  
 15 teams, because we were broken in by teams. And that was  
 16 the result of -- in -- in January, I think it's 2008, I  
 17 brought on three new clients that were supposed to be  
 18 relatively small in numbers.

19 Q Who?

20 A Who?

21 Q Yes. Who, the clients?

22 A The three clients, Saxon, Wachovia and Homac.  
 23 Each month, so what she did was she assigned those  
 24 clients to an existing team that handled other clients'  
 25 files. In October, she came to me and said the

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1 groups of people that were in to do training. There  
 2 were -- on -- on both the attorney side and on the  
 3 non-attorney side, there were groups of trainers whose  
 4 sole purpose was to do training.

5 Q And that training was established -- those  
 6 protocols for training were established both at the  
 7 lawyer and the non-lawyer levels by you?

8 A When you say "protocol," we wanted to make  
 9 certain that we maintained our reputation as best in  
 10 class and the best in the industry. And as bodies were  
 11 brought on, we wanted to make certain that there was  
 12 nothing lost in the -- in translation. So, I instructed  
 13 Cheryl to designate three or four people of her  
 14 choosing -- as I sit here today, I -- I -- I'm not sure  
 15 who it is. I told Miriam Mendieta and Beverly McComas  
 16 on the attorney side that based on the volumes, based on  
 17 the number of attorneys, based on the case load, we  
 18 needed attorneys to -- experienced attorneys to handle  
 19 training of the new attorneys, just like I did with  
 20 Cheryl. Both the attorney side and the non-attorney  
 21 side, as I understand it, selected their trainers. And  
 22 the attorneys, for a fact, before they were released to  
 23 go to court, went through, I believe, a 60 or 90-day  
 24 training period with Billi Pollack and Maria Solomon,  
 25 two most senior attorneys being used to train.

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1 paralegals are flipping out, the clients are blank,  
 2 blank and blank, the three I just told you, Wachovia,  
 3 Homac and Saxon. And I pulled up my volume report and  
 4 I'm like -- I'm not surprised. Where they started off  
 5 giving us 100, ultimately, it turned into 500 or 600 a  
 6 month. So, the paralegals were overwhelmed. I picked  
 7 up the phone and I contacted all three of the clients  
 8 and asked them to stop sending us referrals. At this  
 9 point in time, we cannot handle and I did not want to  
 10 disappoint or fail them. They were originally taken  
 11 back, because I'm the guy that comes in with knee pads  
 12 and begs for more. At the end of the day, they praised  
 13 me and said, "When you're ready to take the work back,  
 14 let me know." We assured them that we would finish off  
 15 what we had and did so. And the volumes just continue  
 16 to grow. With Fannie Mae and Freddie Mac, we wanted to  
 17 make sure that we kept those teams solid. And those  
 18 teams were the beneficiaries of those three new clients.  
 19 So, when Cheryl brought to me attention that her group  
 20 of paralegals were overwhelmed, I did the right thing  
 21 and contacted the client and told them we can't do it  
 22 anymore.

23 Q Did Cheryl ever express to you that the new  
 24 staff was receiving little to no training?

25 A No, she did not. As a matter of fact, we had

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1 Q And who trained them?

2 A Miriam and Bev. And they have been --

3 Q And who trained them?

4 A Trained -- who trained Miriam and Bev? Gosh,  
 5 they kind of learned it on their own. I mean, in the  
 6 beginning, there's foreclosures.

7 Q Well, Miriam started with you in 1994, so I  
 8 assume that you would have been the one to train her  
 9 since she -- since you were the one who was establishing  
 10 the protocols since your collar was unleashed to do  
 11 things the way David J. Stern wanted them done within  
 12 his law office?

13 MR. BERNSTEIN: Argumentative.

14 A I -- I -- I agree. Miriam role versus --  
 15 Miriam role -- Miriam's role is to go to court. My  
 16 collar was never on in terms of court because I wasn't a  
 17 practicing attorney. Miriam was a practicing attorney.  
 18 And while I did it in its infancy I was smart enough to  
 19 realize two things, that my opportunity for success  
 20 would be greater if I focused on client relations and  
 21 the other thing that went off is I'm not an attorney.  
 22 I'm not into case law. I'm not into sitting down and  
 23 reading briefs. So, in the infancy, Miriam got a very  
 24 solid handle on the way practice should be done. And as  
 25 the industry evolved and case law became greater and

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1       circumstances changed, Miriam got that really from the  
2       beginning.

3       Q     (By Mr. Jaffe) Did you ever object to anything  
4       she ever did as a practicing lawyer under your watch?

5       A     I don't recall.

6       Q     You don't recall objection?

7       A     I don't recall if there's nothing that she's  
8       done. I -- I don't recall anything.

9       Q     Oh, okay. So, no?

10      A     Well --

11      Q     Nothing to your recollection?

12      A     At what point in time?

13      Q     Sure. Up until -- from 1994 up until 2008.

14      A     The answer would be "no." Because if that was  
15     the case, she would have been gone.

16      Q     Were your clients requiring foreclosures to be  
17     complete within six months for sending you the file?

18      A     No, sir. At what point? Let me ask you that.

19      Q     Between the period of 2006 and 2009.

20      A     At some point in time, Fannie Mae and Freddie  
21     Mac lowered the foreclosure processing -- processing  
22     time for uncontested/controllable foreclosures from 180  
23     days to 150 days. So, based on the custom and practice,  
24     it was necessary for the law office to complete the  
25     foreclosure within the insurer/investor time frame

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1       absent any uncontrollable matter, which would include  
2       litigation or delays that are beyond the law firm's  
3       control.

4       Q     Between the time you moved into the 900 South  
5       Pine Island Road location in December of 2009, would you  
6       agree with me that the only entities -- the only David  
7       J. Stern entities was the law office and the Title and  
8       Abstract company?

9       MR. TEW: Objection to form.

10      A     Would I agree with you that those were the  
11     only entities?

12      Q     (By Mr. Jaffe) Yes. I'll rephrase. When you  
13     first moved into 900 Pine Island Road, the two entities  
14     that went with you, "you" being the Law Offices of David  
15     J. Stern, were this office and Professional Title and  
16     Abstract; is that correct?

17      A     No, sir.

18      Q     Okay. What other entities went with you at  
19     that point?

20      A     Stern and McSurdy.

21      Q     Okay. What is that?

22      A     That's another law firm that I have for  
23     commercial foreclosures.

24      Q     Spell the last name, please.

25      A     M-C-S-U-R-D-Y.

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1       Q     Their role was what?

2       A     Commercial foreclosures and appellate work.

3       Q     Okay.

4       A     Default Servicing had a couple of employees  
5       located in Plantation as an extension to Louisville for  
6       check processing, accounting.

7       Q     What address?

8       A     900.

9       Q     Okay. All right.

10      A     That's -- that's it.

11      Q     Okay. As of December 31st, 2009, those four  
12     entities still occupy the space that you originally  
13     moved into except maybe expanded; is that fair?

14      A     Yes, sir.

15      Q     Okay. And I apologize, I have not been out  
16     there, okay, believe it or not, I've seen pictures. How  
17     many entrances and exits are there in the building? I  
18     don't mean emergency exits.

19      A     Just one. One with four elevators -- no, wait  
20     a minute, no. I take that back. You got two emergency  
21     exits and you got a delivery.

22      Q     Let me help. Excluding emergency, excluding  
23     delivery, just for common -- for the workers and  
24     clients.

25      A     Yeah. One -- one entrance, four elevators,

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1       slow elevators, junky, people always get stuck, should  
2       be the next class action.

3       Q     We'll talk later.

4       A     I just wanted to get frank to laugh. That's all,  
5       I'm finished, we're -- we're done. Okay.

6       Q     Was the -- was Professional Title and Abstract  
7       on a particular floor in 2009?

8       A     Yes, sir.

9       Q     What floor?

10      A     I believe five. Don't hold me to it, but I --  
11     I think that was it. Again, I was not day to day. And  
12     when I was in the office, I usually stay put, but I  
13     think they're on five.

14      Q     What floor are you on?

15      A     Four.

16      Q     Was the entire law office on four?

17      A     Well, prior to December 30th, there was the  
18     law office and it would have been on whatever floors we  
19     had. Professional Title, I can't tell you if they --  
20     because of growth got spread to a second floor. Stern  
21     and McSurdy were on -- on one floor. And Default  
22     Servicing, he was on one floor, they -- I think there's  
23     a couple of people.

24      Q     Is that as clear as you can be? What I mean  
25     is, what floor was Default Servicing even if there's

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1       only two officers?

2       A    I -- I -- I don't remember. I -- that just  
3       wasn't what I did.

4       Q    Sure. Who would know that, Cheryl Sammons?

5       A    I would go -- I would have gone to Cheryl to  
6       ask her where are the Default Servicing people, but that  
7       was granular. So, as, you know, the owner of a 14,000  
8       or 12,000-person law firm, I didn't deal with the two  
9       Default Servicing people that were on to deal with  
10      checks.

11      Q    I know and I appreciate that. And I  
12      definitely understand how busy you are and how big the  
13      company you got. If -- I just want to know who I would  
14      ask, the right person, to get the right answer.

15      A    Well, I guess you could ask them. You could  
16      ask the Default Servicing people.

17      Q    Name them, please?

18      A    David Obata.

19      Q    Spell his last name.

20      A    O-B-A-T-A. And I don't even know who the  
21      second person was. And you may want to know that David  
22      Obata is deceased.

23      Q    It's tough to ask him.

24      A    You guys are good at what you do, so --

25      Q    I appreciate that. Who did they report to?

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1       A    There was one floor that they had only half.  
2       So, I think all the four, all the five, half of six,  
3       maybe half of seven. I -- I can't recall.

4       Q    And the other half of seven would have been  
5       Default Servicing?

6       A    Default Servicing only have two people, so  
7       they were stuck God knows where but they wouldn't have  
8       had a floor.

9       Q    All right. Now, you just said that the law  
10      office had all the five. How much of five was  
11      Professional Title and Abstract?

12      A    I don't know. I just believe that  
13      professional Title and Abstract was located on the fifth  
14      floor. To what degree it was split between the two, I  
15      don't know.

16      Q    Are you able to tell me how many employees  
17      were employed by Professional Title and Abstract in  
18      2009, approximately?

19      A    60, 80.

20      Q    Okay. Would you agree with me that the law  
21      office and Professional Title and Abstract shared the  
22      same file system in 2006 to 2009?

23      A    I'm not sure what you mean, "file system."

24      Q    The actual file itself.

25      A    Okay. They did to some degree but not fully

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1       A    They would have reported to Jenny Johnson,  
2       who is the Default Servicing manager in Louisville,  
3       Kentucky.

4       Q    And who did she report to?

5       A    She would report to me.

6       Q    So, ultimately, you were responsible for the  
7       actions of Default Servicing?

8       MR. TEW: Object to the form of the question.  
9       Calls for a legal conclusion.

10      A    I would be responsible for putting procedures  
11      in place and expect that they be implemented. If Jenny  
12      didn't get her tickets to Kentucky Derby and killed  
13      someone, I would not be responsible.

14      Q    (By Mr. Jaffe) Fair enough. Were you also  
15      responsible for putting policies and procedures in place  
16      for Professional Title and Abstract?

17      A    That would have been Carol and Sam.

18      Q    And who would they report to?

19      A    Sam reported to Miriam. And Carol reported to  
20      Cheryl.

21      Q    The law office appears to have had space on  
22      all of the floor number four as of 2009?

23      A    Yes, sir.

24      Q    All of floor number four and all of floor  
25      number six; is that correct?

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1       because Professional Title and Abstract had been the  
2       first to become paperless. So, there would not have  
3       been a file to a large degree.

4       Q    Would the law firm be able to access  
5       Professional Title and Abstract electronically?

6       A    Access What?

7       Q    Their file.

8       A    Yes, sir.

9       Q    As of December 31st, 2009, there was one  
10      e-mail system being used; is that correct?

11      A    For which entities?

12      Q    All.

13      A    No, sir.

14      Q    Okay. How many e-mail systems were being  
15      used, to the best of your knowledge, in December of  
16      2009?

17      A    I believe two.

18      Q    Okay. One would have been the person's  
19      name@sternlaw.com.

20      A    Dsterm -- dsterm.com.

21      Q    Okay. What would the other have been?

22      A    It was a separate e-mail for Default Servicing  
23      and I don't recall.

24      Q    Okay. So, Professional Title and Abstract and  
25      the law office use the same e-mail system as of December

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1 of 2009?

2 A Actually, I don't know.

3 Q To the best of your recollection.

4 A Yeah. To the best of my recollection, yes,  
5 but I -- I don't know. When I -- I don't look at e-mail  
6 addresses because I'm sure none of us really do. If  
7 it's in our Blackberry, it's in our Blackberry. So --

8 Q Who did the HR department report to?

9 MR. TEW: You're talking about up to 2009?

10 MR. JAFFE: Fair enough. Fair enough. Fair  
11 enough.

12 Q (By Mr. Jaffe) As of December -- from 2009  
13 going backwards, who did the HR department director  
14 report to?

15 A They would have reported to Cheryl and to  
16 Miriam and Beverly.

17 Q Depending if it was a lawyer or a non-lawyer;  
18 is that fair?

19 A It depends what the issue was. They perhaps  
20 would go to everybody and say, "What do you think about  
21 this?"

22 Q Okay. As of December 2009, there was one HR  
23 department for the law office, and Professional Title  
24 and Abstract, and Default Services; is that correct?

25 A Yes, sir, that is correct.

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1 A They could have done the termination or they  
2 could have processed the paperwork amongst other  
3 responsibilities.

4 Q Who did your IT department report to? Let me  
5 ask a predicate question. Did you have an IT department  
6 as of 2009?

7 A Yes, sir. As we indicated, Vince Petrov head  
8 up -- headed up that department.

9 Q How many people were employed in that  
10 department working with him?

11 A I don't know.

12 Q Ballpark, more than two?

13 A Yes, sir.

14 Q Okay. Who would have the IT department have  
15 reported to?

16 A Miriam, Beverly McComas and Cheryl Sammons.

17 Q HR department that we have previously  
18 discussed would have been responsible for that  
19 department as well?

20 A Yes, sir. Well, when you say "responsible,"  
21 they would have made sure they're paid, they would have  
22 given adjustments, they would have taken care of  
23 insurance, workmans' comp, et cetera.

24 Q And if there were terminations, they would  
25 have either handled the termination and/or handled the

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1 Q And there were common policies and procedures  
2 that the HR department used and applied to those three  
3 entities as of December 2009?

4 A Where the law would provide it. There may  
5 have been some differences because Default Servicing  
6 was -- was in Kentucky and we would have to go by what  
7 Kentucky required.

8 Q But executed out of that one HR department?

9 A Yes, sir.

10 Q One HR department for hiring and firing,  
11 again, of those three entities; the law office,  
12 Professional Title and Abstract, and Default Services?

13 A No, sir.

14 Q Same question. Same HR department for hiring  
15 and firing for law offices and Professional Title and  
16 Abstract?

17 A No, sir.

18 Q All right. Explain that, please.

19 A Going by your question, HR may not have always  
20 done the firing. They may have processed the paperwork  
21 to do the firing, but the -- the firing may have been  
22 done by Miriam or Beverly or Jenny Johnson or Cheryl  
23 Sammons.

24 Q Same HR department would have processed the  
25 paperwork for those three entities?

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1 paperwork associated with termination?

2 A Yes, sir.

3 Q Did Stern, P.A. have a 401(k)?

4 A Yes, sir.

5 Q Was -- were all the departments we previously  
6 talked about allowed to participate in the Stern, P.A.  
7 401(k)?

8 A Departments, like foreclosure, bankruptcy and  
9 IT, yes, sir.

10 Q Who would not -- what department would not  
11 have been able to?

12 A I'm not sure I understand -- I -- I don't  
13 believe that any department within the Law Offices of  
14 David J. Stern would not have been allowed to  
15 participate.

16 Q And would Professional Title and Abstract be  
17 allowed to participate?

18 A I don't know if they had their separate plan  
19 or not. I -- I don't -- don't know. Sorry.

20 Q Would Default Services been able to  
21 participate?

22 A I don't know.

23 Q IT would have been able to participate,  
24 correct?

25 A Right.

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1 Q You don't know about the 401(k) with regard to  
 2 what you just testified to. Who would?  
 3 A Don't ask me about the 401(k). Back in  
 4 2009?  
 5 Q Correct.  
 6 A The HR director.  
 7 Q And at that point, who would that have been?  
 8 A Ali Rhonda, R -- R-H-O-N-D-A.  
 9 Q Okay. Let me ask you a couple of more  
 10 questions about the HR department as it relates to --  
 11 excuse me -- the 401(k).  
 12 A I don't know what floor they were on.  
 13 Q Okay. Fair enough.  
 14 A Sorry.  
 15 Q I don't think the 401(k) had a floor. Where  
 16 was the HR department located?  
 17 A I -- I don't know, no, seriously. The good  
 18 thing is never got called to HR for --  
 19 Q You were never recommended by HR?  
 20 A Well, that's not true. I did see a sexual  
 21 harassment videotape in the fourth floor conference  
 22 room.  
 23 Q You actually were sued for sexual harassment,  
 24 right?  
 25 A Years ago. We won.

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1 Q Good. Congratulations. As of September  
 2 2009 -- okay? Time frame-wise, are okay with that?  
 3 A Go ahead.  
 4 Q -- DJSP, P.A. existed, correct?  
 5 A The Law Offices of David J. Stern, P.A.  
 6 existed.  
 7 Q Okay. Did DJS Processing, LLC exist?  
 8 A No, it did not.  
 9 Q When did that -- when did DJSP Processing,  
 10 LLC -- DJS Processing, LLC, when was that born?  
 11 A I believe January 15th, 2010.  
 12 Q All right. So, if I found some documents that  
 13 appeared to register DJS Processing, LLC on  
 14 September 15th, 2009 in Delaware, would that refresh  
 15 your recollection?  
 16 A I -- you know what, when it comes to that, Tom  
 17 Vaughn of Dykema handled pretty much everything, so I  
 18 would defer to Tom. Logic would have it that you don't  
 19 close a transaction on January 15th and all the  
 20 paperwork be done on January 15th. As far as the dates  
 21 that the work was done, I have no idea, recollection,  
 22 knowledge.  
 23 Q All right. I agree that the documents speak  
 24 for themselves. I'm just trying to understand your  
 25 understanding. And you've clearly expressed --

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1 A Yeah, yeah, yeah. That's -- that's Tom  
 2 Vaughn.  
 3 Q Just so the record is clear, Tom Vaughn of --  
 4 A -- Dykema out of Detroit, Michigan --  
 5 Q -- suggest that -- Dykema Law Office or  
 6 Dykema Gossott, what's the name of the law firm?  
 7 A Dykema Gossett. I can give you its hourly  
 8 rate.  
 9 Q Okay. I'm sure you're -- are you aware that  
 10 you are the managing member of DJS Processing, LLC as of  
 11 September 2009?  
 12 A I would have to defer to Tom.  
 13 Q Are you aware that you are the registered  
 14 agent of DJS Processing, LLC as of September 2009?  
 15 A I am not.  
 16 Q Are you aware that DJS Processing, LLC's  
 17 principal place of business as of 2009 in September was  
 18 900 South Pine Island Road, Plantation, Florida?  
 19 A I was not aware.  
 20 Q Why -- do you know why DJS Processing, LLC was  
 21 formed?  
 22 A DJSP Processing --  
 23 Q Let me rephrase. DJS Processing, LLC, do you  
 24 know why it was formed?  
 25 A It was formed because I was interested in

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1 doing the transaction. And under our Florida Code of  
 2 Ethics, a transaction which involve the law firm,  
 3 vis-à-vis Default Servicing or Professional Title, a law  
 4 firm cannot be sold to non-attorneys. So, the way  
 5 similar transactions were able to occur was the creation  
 6 of a back office dealing with the non-legal aspect of  
 7 the particular business. So, DJS Processing was created  
 8 in order to allow for a transaction to occur consisting  
 9 with the Florida Ethics guidelines, rules and  
 10 regulations.  
 11 Q Please define what the transaction that you  
 12 wanted to accomplish was.  
 13 A I wanted an opportunity to expand beyond the  
 14 borders of Florida and get into additional businesses,  
 15 both typical and, perhaps, unrelated. And probably  
 16 three years before the transaction, I was approached by  
 17 some financial advisors from a whole host of companies.  
 18 They came in by the rushes. Before I -- originally, I  
 19 said, "No, I don't want to do it," like what I've got  
 20 going. Then, reached out to a gentleman by the name of  
 21 David Trott, the law firm of Trott & Trott out of  
 22 Detroit, Michigan, who I'm fairly good friends with.  
 23 And I said, "All right. David, you've done a  
 24 transaction. Why? What's the ups, what's the downs,  
 25 where are the land mines and, you know, who should I

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1 use? Because I'm getting phone calls from everybody,"  
2 at least for exploration purposes. So, he told me the  
3 pluses, he told me the minuses, he told me why he did  
4 it. And he said, "David, you should go with my deal  
5 makers, my financial advisors because they've already  
6 done the deal, they've already done the documents, they  
7 know where the lands mines are," et cetera. So, I  
8 contacted Plante Moran out of Detroit. I contacted them  
9 although they had called me a few times. And I said,  
10 "Look, I'm interested in meeting with you. Tell me how  
11 it works. Tell me what it's about. Give me some idea  
12 dollar-wise. How do we structure the deal? How we  
13 don't structure the deal?" And it became, as you can  
14 imagine, very labor-intensive in terms of picking the  
15 right partner. Do you go public? Do you go private?  
16 Do you go equity? Do you go hedge? What is the lesser  
17 of the two evils? What are the greater of everything?  
18 At the end of the day, no matter what sector we went,  
19 there would be a requirement as was the case with the  
20 previous six or seven law firms that have done what I  
21 did, that a back office specializing in or creating a  
22 non-legal entity. And that would be the entity that  
23 would be subject to the transaction. In my case, we  
24 created DJS Processing and, of course, Professional  
25 Title and Abstract to Default Servicing were stand-alone

1 companies where we didn't have to do any split-off from  
2 the law firm.

3 Q So, the record is clear, DJS Processing, LLC  
4 stands for David J. Stern Processing, LLC?

5 A Sure. Yes.

6 Q Professional Title and Abstract Company of  
7 Florida, LLC was formed in September of 2009 in  
8 Delaware. Are you aware of that?

9 A I am not.

10 Q Are you aware that it was registered in  
11 Florida on September 2009?

12 A I am not. Just like Processing and the same  
13 thing for Default Servicing.

14 Q Are you aware that you were the sole director  
15 of Professional Title and Abstract Company of Florida,  
16 LLC in September of 2009?

17 A I am not.

18 Q Are you aware that you were the managing  
19 member of Professional Title and Abstract Company of  
20 Florida, LLC in September of 2009?

21 A I am not.

22 Q What is the Stern Holding Company?

23 A I have to get the specifics from Tom Vaughn.

24 Q Have you ever heard of the Stern Holding  
25 Company?

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1 A Yes, I have.  
2 Q What is your understanding of it?  
3 A It's a company that was established to put  
4 the -- what used to be the previous Default Servicing  
5 and Professional Title, Inc. into that holding company  
6 for purpose of -- of wind down is what I understand.  
7 Q Default Servicing, LLC was formed in 2009 in  
8 Delaware -- or reformed in 2009 in Delaware. Are you  
9 aware of that?  
10 A No, I'm not.  
11 Q And registered in September 2009 in Florida.  
12 Are you aware of that?  
13 A I'm not.  
14 Q With DAL, D-A-L, as a managing member, are you  
15 aware of that?  
16 A No, I'm not.  
17 Q As long as we're here. Let's ask -- what is  
18 DAL, D-A-L?  
19 A I don't recall.  
20 Q Just so I'm clear, DAL, D-A-L, Group, are you  
21 familiar with what that is?  
22 A In the structure of the transaction, it is a  
23 holding company that holds the newly formed operating  
24 subsidiaries; Professional Title and Abstract, DJS  
25 Processing, Default Servicing. Professional and

1 Default, yeah.

2 Q I'll ask it. If you don't know or you know  
3 the answer, I'll ask it anyway. Why was DAL the  
4 managing member of Default Servicing in September of  
5 2009?

6 A I don't know.

7 Q Who would know?

8 A Thomas Vaughn.

9 Q Up to 2009 -- December 2009, just so I  
10 understand this, your two managing attorneys could hire  
11 and fire attorneys without consulting you?

12 A Yes, sir.

13 Q Did they have salary parameters on hiring?

14 A They did not have salary parameters unless it  
15 was going to cost some astronomical amount. Because in  
16 my day-to-day functionality, I have no idea how much  
17 associates made really at any level.

18 Q The same question with regard to non-lawyer,  
19 Ms. Sammons have the ability to hire staff --

20 A Yes, sir, she did.

21 Q -- without consulting you?

22 A That is correct, part of her day-to-day  
23 operation.

24 Q Did you place upon Ms. Sammons or the  
25 co-managing attorneys any limitation on staffing?

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A No.

Q Certainly, the inherent limitation would have been space available; is that fair?

A I didn't put that limitation. That was an obvious one.

Q Okay. Did they ever come to you and ask permission to hire a particular lawyer or a particular staff member?

A Not that I recall.

Q Did you have a management team?

A How do you define "management team"?

Q Key employees that have been with you more than a decade.

A That would be Miriam and Cheryl and Beverly. And depending upon what they were looking to do, it may include Sam. It could -- it could have included Maria Solomon. It could have included Billi Pollack. It would depend upon what they were looking to do. If it was something general, then they would bring all the managers in.

Q And how often do that happen?

A I don't know. You have to ask them.

Q And who established your budget prior to December 2009?

A We never had a budget.

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foreclosure is complete and title invest in the servicer, we would then handle any evictions where necessary. Once the eviction is complete and it becomes a real estate-owned property, we would then open the title work and handle the closing on behalf of the grantor, the bank as the seller, to the grantee.

Q And those systems that were used by the Law Offices of David J. Stern, P.A., you developed?

A I -- the day one, I developed them; day two, they continued to be expanded and improved upon by people that were smarter than I was in those particular areas.

Q Okay. But would you agree with me certainly until 2006, you were the captain of the ship with regard to your office and how it ran and the systems that were to be used?

A I would agree that I was the captain of the ship. I would strongly disagree that processes were put in -- that were put in were put in by me. The development, better practices, things like that, Miriam, Sam, Beverly, when she joined, and Cheryl, did a lot of that. So, there was -- in 2000 -- even in 2000, there were procedures and policies put in place that they were comfortable in doing and realized that I would have no objection. If I had to deal with every granular change

Q So, as we sit here today, you're telling me you never had budget meetings with any of your key staff?

A That's correct. Whatever it took to get the job done, they have carte blanche. That presumes that question is December 31st, 2009.

Q Absolutely. Mr. Stern, I apologize in advance for the next question. I believe I asked it but I want to make sure that I covered it. The system in place in your law office to take a foreclosed -- foreclosure case from cradle to grave was created by you?

A I specifically said in my answer that cradle to grave concept was not a word that was used to take the foreclosure from the beginning to the end. So, the answer to your question is "no."

Q Define "cradle to grave" in the context you said it -- meant it when you said it.

A When I speak of cradle to grave, that would be that we provide services that may become necessary on a default of loan on behalf of the client, so it generally come in as a foreclosure. If the foreclosure is interrupted by a bankruptcy, we will handle that bankruptcy. Once the bankruptcy has been concluded and we're free -- sorry -- from the automatic stay, we would then continue on with the foreclosure. Once the

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that results from Fannie or Freddie guidelines or a local rule or a judge making some sort of requirement, that by definition would be an impossibility. Hence, development expanding processes and procedures very quickly fell on Miriam, Beverly and -- and -- and Cheryl. I was there for the day-to-day probably up until 2006. He had my nose and things, but it didn't take long to realize that. Sometimes you can't be the rainmaker and be involved in procedure because very quickly, I did not know or have knowledge as to the capabilities of the staff that was in place.

Q Did you ever object to any of the policies or procedures that were put in place by others beside yourself.

A I don't -- I don't recall. Apparently, not very long or hard or I'll stay with them in there.

Q Effective January 15th, 2010, you went public; is that correct?

MR. SCRUGGS: Objection. Form.

MR. TEW: Yes. Same objection.

A We created a processing company, new Professional Title, new Default Servicing that was part of DJSP Enterprises. DJSP Enterprises went public.

Q (By Mr. Jaffe) In January -- actually, let's backup, okay? Tell me what Chardan 2008 China

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1 Acquisition Corporation is or was?  
 2 A It's traced in the NASDAQ as CACA. I'm sorry.  
 3 It's true. It's true. For the record, it's true. I'm  
 4 sorry. I -- I love that part. Anyway, Chardan Capital  
 5 was a -- a -- a company that, I guess, went public.  
 6 Through Chardan, it was their sixth or seventh spec  
 7 where they raised money looking for opportunities. My  
 8 understanding, the previous facts all went to  
 9 China-based opportunities. When my transaction was made  
 10 known to the Chardan folks, they fell in love with the  
 11 opportunity. And we ended up getting together and  
 12 negotiating a deal. Chardan then changed its name to  
 13 DJSP Enterprises.

14 Q Personal place of business as of January 15th,  
 15 2010?

16 A No. I -- I believe Enterprises is a -- is a  
 17 Bridge, Virgin Islands company. DAL would be, I think,  
 18 Florida-based. And then you've got Default Servicing  
 19 and all the other companies. I think they're Delaware  
 20 corporations but we obviously do business in Louisville,  
 21 Kentucky and Plantation, Florida.

22 Q You also have an operation in Puerto Rico or  
 23 did?

24 MR. SCRUGGS: Excuse me. Objection. You said  
 25 you --

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1 Q Indulge me then while I go through them and  
 2 you gave that same answer then.

3 A Okay.

4 Q As of January 15th, 2010, you were the  
 5 president, registered agent and managing member of DJS  
 6 Processing Enterprises, Florida?

7 MR. SCRUGGS: Objection. Form.

8 A I'm sorry. With everything that there is out  
 9 there between DJSP, Default Servicing, Professional  
 10 Title, Enterprises, it's more than I know. I'd have to  
 11 defer to Tom Vaughn and look to some sort of chart for  
 12 guidance because I can't keep up --

13 Q (By Mr. Jaffe) Do you know if the chart  
 14 exists?

15 A No.

16 Q As of January 15th, 2010, you are aware that  
 17 DJS Processing Enterprises BBI was created?

18 MR. SCRUGGS: Objection. Form.

19 MR. TEW: Same objection.

20 A I'm not sure. I'd have to defer to Tom Vaughn  
 21 because --

22 Q (By Mr. Jaffe) Okay. But you know it existed  
 23 at that point; is that fair?

24 A Yes.

25 Q And are you aware that you were the president

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1 Q (By Mr. Jaffe) Was there any -- to the best of  
 2 your knowledge, was there any operation of any kind in  
 3 dealing with DJSP Enterprises in Puerto Rico?

4 A Can you read that back, please?

5 (Thereupon, the record was played  
 6 back.)

7 A I didn't know you were playing that back. I  
 8 thought he was like -- that's pretty good, you know. It  
 9 didn't seem --

10 Q (By Mr. Jaffe) Well, that's the technology of  
 11 today.

12 A And I lost you over there.

13 Q As of January 15th, 2010, you were the sole  
 14 owner of David J. Stern, P.A. -- Law Offices of David J.  
 15 Stern, P.A.?

16 A Yes, sir.

17 Q And its registered agent?

18 A I believe that is the case. Yes, sir.

19 Q As of January 15th, 2010, you were DJS  
 20 Processing managing member?

21 A I -- between all of that, DJSP, the  
 22 Enterprises, the Processing, the -- I -- I -- I have to  
 23 ask Tom before we get to the total chart and what to  
 24 what. I can't keep up with my role as officer or  
 25 director or just -- way too much.

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1 and CEO of DJS Processing Enterprises BBI from  
 2 January 15th, 2010 until approximately November of 2010?

3 MR. SCRUGGS: Form.

4 MR. TEW: Same objection.

5 A I'm not sure about the dates.

6 Q (By Mr. Jaffe) As of January 15th, 2010, are  
 7 you aware you were the managing member of Professional  
 8 Title and Abstract?

9 A I'm sorry. I'd have to defer to Tom Vaughn.

10 Q As of January 15th, 2010, are you aware you  
 11 were the chairman of the board and president of the DAL  
 12 group?

13 MR. TEW: Form.

14 A I'm not sure of the dates but I think so, yes,  
 15 sir.

16 Q (By Mr. Jaffe) Are you aware whether or not  
 17 you were the registered agent for the following  
 18 companies, DJSP Enterprises, Florida?

19 A I do not know. I'd have to defer to  
 20 Tom Vaughn.

21 Q DJSP Enterprises BBI?

22 A I do not know. I'd have to defer to  
 23 Tom Vaughn.

24 Q DJSP -- DJS, P.A.?

25 A The Law Offices of David J. Stern?

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1 Q Yes.  
 2 A As of what time period?  
 3 Q January 15th, 2010.  
 4 A I was.  
 5 Q The DAL Group, LLC?  
 6 A I'd have to defer to Tom Vaughn. I'm sorry.  
 7 Q DJS Processing?  
 8 A I'd have to defer to Tom Vaughn.  
 9 Q Professional Title and Abstract?  
 10 A Registered agent. And I'm -- I'm sorry. I'd  
 11 have to defer to Tom Vaughn.  
 12 Q Default Servicing?  
 13 A I'd have to defer to Tom Vaughn. I was a busy  
 14 guy.  
 15 Q Who has possession of the corporate books and  
 16 records for the entities I've just asked you about?  
 17 A The Law Offices of David J. Stern, they've  
 18 been in our office in Plantation 900. Everything else,  
 19 I'd have to ask Tom Vaughn.  
 20 Q So, you are not aware where the corporate  
 21 books and records are for DJSP Enterprises BBI?  
 22 A No, sir, I'm not.  
 23 Q Are you aware that DJSP Enterprises BBI  
 24 acquired 71 percent of the DAL Group on January 15th,  
 25 2010?

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1 own, independent of The Law Offices of David J. Stern,  
 2 represented PNC Mortgage and two or three other smaller  
 3 companies. Timeos represented a significant number of  
 4 clients.  
 5 Q When did -- when was Timeos acquired?  
 6 A I don't recall the close date.  
 7 Q Would it refresh your recollection if I told  
 8 you August of 2010?  
 9 A Sounds about right. There's -- I'm not  
 10 certain because there's some variables before the actual  
 11 transaction closed.  
 12 Q So, let's go back to my question. Would you  
 13 agree with me that as of July 1st, 2010, The Law Offices  
 14 of David J. Stern, P.A., Professional Title and Abstract  
 15 and Default Services were the sole clients of DJSP  
 16 Enterprises BBI?  
 17 MR. SCRUGGS: Objection. Form.  
 18 MR. TEW: Same objection.  
 19 A No, I would not.  
 20 Q (By Mr. Jaffe) At that time, July 1st, 2010,  
 21 what other clients did DJSP Enterprises BBI have besides  
 22 those I just named?  
 23 A Professional Title and Timeos and Default  
 24 Servicing were not clients of DJSP Enterprises. They  
 25 were dropping down through DAL and were holding on the

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1 A I'm sorry, I'm not.  
 2 Q Do you know whether or not you were a member  
 3 of the board of directors of DJSP Enterprises BBI?  
 4 A I believe I was a member of the board and  
 5 chairman of the board.  
 6 Q Until when?  
 7 A I don't recall.  
 8 Q Why were -- were you removed?  
 9 A At the advice of legal counsel, we felt --  
 10 they felt it would be better for me to step down.  
 11 Inconsistent with counsel's direction, I voluntarily  
 12 stepped down. I was not removed.  
 13 Q Would you agree with me that as of July 1st,  
 14 2010, The Law Offices of David J. Stern, P.A. was the  
 15 sole client of DJSP Enterprises BBI?  
 16 MR. SCRUGGS: Objection.  
 17 A DJS, with the Law of Offices of David J.  
 18 Stern, the sole client of Enterprises, I would disagree.  
 19 Q (By Mr. Jaffe) Who were the other clients at  
 20 that time?  
 21 A Part of DJSP Enterprises would include  
 22 Professional Title and Abstract. And it would include  
 23 at someday Timeos and it would include Default  
 24 Servicing. Each of those entities had their own  
 25 separate clients. For example, Default Servicing on its

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1 subsidiaries. Within those holding on subsidiaries,  
 2 they had their own client base. For example, Default  
 3 Servicing had relationships for our real liquidation  
 4 with PNC and -- and a few others. Timeos had 20, 30  
 5 different relationships. So, I would disagree that the  
 6 sole clients of DJSP Enterprises were Professional  
 7 Title, DJS Processing and Default Servicing because  
 8 they -- they are not, in any way, shape or form,  
 9 clients.  
 10 Q Would you agree with me that as of  
 11 January 2010, you owned 33.15 percent of DJSP  
 12 Enterprises BBI?  
 13 A When in January?  
 14 Q After the 15th.  
 15 A I don't know. You'd have to ask Tom Vaughn.  
 16 Q How about February of 2010, did you own  
 17 33.15 percent?  
 18 A I'm not sure. I'm not sure what the  
 19 percentage is or what my ownership was, if it dropped  
 20 through to another company. I'd have to ask Tom Vaughn.  
 21 Q DAL was a holding company for DJSP, Florida;  
 22 DJS Processing; Professional Title and Abstract and  
 23 Default Services; is that correct?  
 24 A At what point?  
 25 Q After January 15th, 2010.

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1 A What were the -- the operating subsidiaries  
2 that you mentioned?  
3 Q DJSP Florida, DJS Processing, Professional  
4 Title and Abstract and Default Services.  
5 A I'm not familiar with DJSP, Florida. Of  
6 course, it's DJSP Processing, because I don't know what  
7 DJSP, Florida is.  
8 Q All right. How about the others?  
9 A DJSP Processing, Default Servicing and  
10 Professional Title and Abstract. As of January 15th,  
11 DAL was a holding company for those three entities, yes.  
12 Q You received \$58.5 million in cash and another  
13 \$88 million in notes in exchange for the DAL Group  
14 obtaining the Stern businesses that we just referenced;  
15 is that correct?  
16 A Can you repeat that, please?  
17 Q The DAL Group became the holding company for  
18 DJS Processing, Professional Title and Abstract and  
19 Default Servicing in January 15th, 2010; is that  
20 correct?  
21 A Yes.  
22 Q And in exchange for that, you received  
23 \$58.5 million in cash?  
24 A I'd have to double check on that amount.  
25 Q What do you believe the amount to be?

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1 A I don't recall.  
2 Q In excess of \$55 million?  
3 A Yes, sir.  
4 Q And in addition, an \$88 million in notes?  
5 A I'd have to look back in paperwork and see how  
6 that translates out in terms of notes.  
7 Q Greater than \$80 million, would you agree with  
8 that?  
9 A I guess we could say there weren't a note and  
10 then the note that I took back, that's correct. Yes,  
11 sir.  
12 Q I would like to take a bathroom break at this  
13 point.  
14 (Thereupon, a short break was  
15 taken.)  
16 (Deposition resumed.)  
17 Q (By Mr. Jaffe) Explain to me please what DJS  
18 Processing once it was established and born in January  
19 of 2010 did? What was its role? What did it do?  
20 A It did non-legal services on behalf of the Law  
21 Offices of David J. Stern.  
22 Q How did those services differ on January 16th,  
23 2010 than December 31st, 2009?  
24 A How did they differ?  
25 Q Uh-huh. Differ. How the services differ?

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1 A On December 30th, 19- -- or 2010, the services  
2 were rendered by --  
3 Q 2009.  
4 A 2009, thank you. -- by employees of the Law  
5 Offices of David J. Stern, the attorneys.  
6 Q And they would do what, for example?  
7 A They would do the non-legal work. They would  
8 prepare complaints. They would do proofs of claims.  
9 They would do eviction pleadings. Once the transaction  
10 occurred, DJS Processing was governed by a services  
11 agreement. Services agreement, of course, was a  
12 negotiated document that defines services, compensation,  
13 facility agreement amongst other things. And it clearly  
14 indicated that the way it used to be done by a single  
15 entity was no longer the case, there was no longer one  
16 entity. There were -- it was not a one entity  
17 enterprise. There were two entities with a definition  
18 of what Processing was to do and what the law firm was  
19 to do. In essence, became a vendor/client relationship  
20 with the vendor being DJS Processing and the client, of  
21 course, being the Law Offices of David J. Stern.  
22 Q Fine. Now, would you agree with me that the  
23 actual day-to-day physical work that the employees did  
24 was the same?  
25 A It cannot do that. It was not --

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1 Q Why?  
2 A Because when Processing was born, a whole new  
3 concept was brought in. Norman was brought in, Rick  
4 Powers was brought in. The process --  
5 Q Rick Powers was brought in on July of 2010.  
6 A Well, there was interim CEOs or interim COOs  
7 that came in, a gentleman by the name of Phil Cobb.  
8 So, Phil began to guide Processing to do things that  
9 were, in essence, fabulous, unprecedented, in terms  
10 of measuring by the matrix, better training, those  
11 sort of things.  
12 Q They still drafted complaints?  
13 A Yes, sir. But with greater efficiency.  
14 Q They still dealt with service process?  
15 A With greater efficiency.  
16 Q They still dealt with obtaining judgment?  
17 A With tremendously greater efficiency. Up  
18 four-fold.  
19 Q Still dealt with sales?  
20 A With greater efficiency.  
21 Q And post sales?  
22 A With greater efficiency.  
23 Q And the same people that were previously  
24 employed by the law office?  
25 A And some others.

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1 Q And, in fact, they worked the same desks?  
 2 A And some others were too.  
 3 Q And on the same floors?  
 4 A Correct.  
 5 Q And using the same phones?  
 6 A Pursuant to a facilities management agreement,  
 7 yes, sir.  
 8 Q And using the same e-mail?  
 9 A Pursuant to a facilities services agreement.  
 10 Q And directed by the same HR department?  
 11 A HR was a functionality of DJS Processing. And  
 12 pursuant to the terms in the services agreement, the HR  
 13 functionality was outsourced from the law firm to DJS  
 14 Processing, correct, yes.  
 15 Q Same people?  
 16 A Absolutely.  
 17 Q Same director?  
 18 A No, sir.  
 19 Q Chris Simmons?  
 20 A Chris Simmons was not there prior to  
 21 January 15th.  
 22 Q Okay.  
 23 A So, not the same people. Different people.  
 24 Q A vast majority of the same people?  
 25 MR. SCRUGGS: Objection to form.

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1 Q (By Mr. Jaffe) With regard to HR? That was a  
 2 bad question.  
 3 A I disagree.  
 4 Q Okay.  
 5 A I totally disagree.  
 6 Q All right. Professional Title and Abstract.  
 7 A Okay.  
 8 Q Same people employed in a leadership role.  
 9 Sam, right? He was employed before January 15th, 2010  
 10 with Professional Abstract and Title.  
 11 A Sam Silvergate, correct.  
 12 Q And was employed with them in the same  
 13 capacity after January 15th, 2010?  
 14 A Sam was employed with the law firm, not DJS  
 15 Processing.  
 16 Q Okay.  
 17 A You've lost me on that one.  
 18 Q It's okay.  
 19 A So, I disagree.  
 20 Q Okay. I've tried to lose you a couple of  
 21 times, not intentionally. Was there a finance  
 22 department in the law office prior to January of 2010?  
 23 A How would you define finance?  
 24 Q Right. An accounting department, same  
 25 difference. I'm trying to --

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1 A There was an accounting department.  
 2 Q Okay. Did that include finance?  
 3 A I don't know what finance means. I mean, we  
 4 didn't finance anything.  
 5 Q It's a bad question.  
 6 A The law firm --  
 7 Q What did the accounting department do?  
 8 A The accounting department had multiple  
 9 functionality.  
 10 Q Accounts payable?  
 11 A Accounts payable.  
 12 Q Accounts receivable?  
 13 A Accounts receivable, collections. Statement  
 14 balancing in all the accounts. It was for both the law  
 15 firm and for Processing and for Professional Title and  
 16 for Default Servicing.  
 17 Q Okay. And those payrolls -- payroll was  
 18 outsourced, right, to -- was payroll outsourced?  
 19 A Payroll was outsourced to ADP.  
 20 Q The people in accounting who were employed by  
 21 the law firm in December of 2009 were still employed in  
 22 the same building and in the same space at their same  
 23 desks in January of 2010?  
 24 A Some were, some weren't.  
 25 Q Do you know where the IT department physically

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1 was within the building?  
 2 A The servers were on the fourth floor and some  
 3 of the people, the IT folks, were on the fourth floor.  
 4 But for efficiency, my understanding was that there were  
 5 a couple of technicians on each floor for quick  
 6 response.  
 7 Q The employees of the IT department remained  
 8 employees of the IT department after January 15th, 2010?  
 9 MR. SCRUGGS: Object to the form.  
 10 A Some did, some didn't.  
 11 Norman, a CIO, highly compensated employee was  
 12 brought in. Several people were let go, just like the  
 13 accounting department, a CFO, Kumar Gushani, was brought  
 14 in. Esther was brought in to replace Shameeza. So,  
 15 there were lots of changes.  
 16 Q (By Mr. Jaffe) How about a guy named Vince?  
 17 A Vince Petrov is or was the head of the IT,  
 18 without a title, prior to the January 15th, 2010 date.  
 19 Q And he remained employed in the IT capacity  
 20 after --  
 21 A Reporting to Norman Gottschalk.  
 22 Q Did he change desks?  
 23 A I don't know.  
 24 Q Changed phones?  
 25 A No -- I have no idea.

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1 Q Came in the same door downstairs?  
 2 A I'm sure he came into the same door.  
 3 Q How about Jack Brookshaw?  
 4 A Jack Brookshaw was a member of the IT team.  
 5 Vince did more programming and Jack did more hardware.

6 Q And Jack was employed in 2009 and 2010 as  
 7 well?

8 A Prior to January 15th, 2010, Jack Brookshaw  
 9 was employed by the Law Offices of David J. Stern as  
 10 senior person that did soft -- that did the hardware.  
 11 On or about January 15th, he became an employee of DJS  
 12 Processing in a non-managerial, non-supervisory role.  
 13 And given the changes, reported to Norman and Norman's  
 14 group.

15 Q After January 15th, 2010, who supervised DJS  
 16 Processing?

17 MR. SCRUGGS: Objection. Form.

18 MR. TEW: Same objection.

19 A DJSP Processing was supervised by a whole host  
 20 of areas, or a whole host of individuals depending upon  
 21 the nature of the department, certainly consisted with  
 22 the services agreement that existed between the Law  
 23 Offices of David J. Stern and DJS Processing.

24 Q (By Mr. Jaffe) What was Cheryl Sammons' title  
 25 on January 16th, 2010?

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1 meet with Cheryl Sammons on property unplanned?  
 2 A Scheduled meetings, once a month. If she  
 3 needed something in which she popped her head in, then  
 4 obviously I would meet with her. But for the most part,  
 5 Cheryl worked with the heads of the other departments  
 6 within DJS Processing and together they managed the  
 7 day-to-day operation. And where there is overlap with  
 8 the Law Offices of David J. Stern pursuant to that  
 9 services agreement, Miriam Mendieta and Beverly McComas  
 10 would come in. Without violating the terms in the  
 11 services agreement, they work together to orchestrate  
 12 the initially smooth running operation.

13 Q I asked you how often you would meet with  
 14 Cheryl Sammons. Now, I'm going to ask you how often you  
 15 would speak to Cheryl Sammons after January 15th, 2010?

16 A If I spoke with her, it would have been a  
 17 meeting with her. She came in and if she had a  
 18 question, what about this client or David are you aware  
 19 that, you know, these circumstances took place, I just  
 20 want to let you know in case you get a call from ABC  
 21 Bank, that was our forte. The rules were that if there  
 22 was a problem, a severe problem, I want to get to the  
 23 client before the client got to me. Fortunately, early  
 24 on that did not happen all that much. So, there were  
 25 times where I didn't speak to Cheryl for two weeks,

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1 A January 16th, 2010, as the transaction  
 2 evolved, it was originally my plan for Cheryl to be the  
 3 operations manager over enterprise, over everything.  
 4 And as time evolved and more and more developed, and I  
 5 became educated into new matters or new -- new ways to  
 6 manage, greater technology, measuring by the matrix,  
 7 stronger -- stronger management skills that Phil Cobb,  
 8 who came in as an initial COO, certainly as Rick Powers  
 9 came in as the C -- as a subsequent COO. It became  
 10 abundantly clear that neither Cheryl or even me on my  
 11 best day could ever be an operations manager over all of  
 12 those entities, quite simply because Cheryl didn't have  
 13 the pay grade, expertise, knowledge, education, I'm not  
 14 saying she couldn't learn it. So, while originally she  
 15 was the operations manager over enterprises, she  
 16 subsequently became the operations manager over DJS  
 17 Processing. For the non-legal side, obviously, which  
 18 was Processing by its definition and for the purposes of  
 19 the services agreement. I don't know what date the  
 20 enterprise was taken off the table for her and the  
 21 Processing placed as her pretty much sole responsibility  
 22 with no oversight or intervention into Professional  
 23 Title, Default Servicing or at the right date for  
 24 Timeos.

25 Q After January 15th, 2010, how often would you

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1 three weeks because I was on the road, she had a  
 2 different schedule, I had a different schedule, I had  
 3 meetings. Of course, after January 15th, we did a lot  
 4 of investor presentations, so I was gone pretty much  
 5 non -- nonstop or I was visiting my clients.

6 Q Would you talk to her on the cell?

7 A If there's a problem, yes, sir.

8 Q How frequently?

9 A Infrequently.

10 Q With regard -- I'm jumping back for a second.  
 11 With regard to the 401(k) issue and contributions, after  
 12 January 15th, 2010, are you aware whether or not the DJS  
 13 Processing employees were able to participate in the Law  
 14 Offices of David J. Stern, P.A. 401(k)?

15 A I have absolutely no idea how that worked out.

16 Q Are you aware whether or not there was shared  
 17 administrative costs between the DJS Processing,  
 18 Professional Title and Abstract and Default Services  
 19 with regard to their participation in the 401(k)?

20 A I'm sorry. I have no idea.

21 Q In 2009 prior to going public, obviously --  
 22 prior to going public -- going public in January 2010,  
 23 would you agree with me that the volume of new business  
 24 continued to rise?

25 A I would -- I would not agree with you.

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1 Q So, you would agree then that in 2009, the  
2 volume of new business began to drop?

3 A Business began to drop despite our  
4 expectations in 2010.

5 Q I said 2009.

6 A Business was greater in 2009 than it was in  
7 2010.

8 Q Did business increase in 2009?

9 A Over 2008?

10 Q Yes.

11 A Yes, sir.

12 Q Do you remember being told that there were  
13 hundreds of phone calls from people that your law office  
14 was foreclosing upon complaining that they had never  
15 been served their foreclosure notice?

16 A Told by whom?

17 Q Cheryl Sammons.

18 A No. I remember that --

19 MR. TEW: There's no pending question.

20 A Okay.

21 Q (By Mr. Jaffe) Who is Tammy -- and I'll spell  
22 it instead of butchering the pronunciation of them after  
23 the -- K-A-P-U-S-T-A?

24 A I believe that's Tammy Kapusta who I do not  
25 know.

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1 depositions.

2 A No.

3 Q Are you familiar with what case on this?

4 A Yes, sir.

5 Q Did you, in any way, developed it?

6 A With Shapiro or with my office?

7 Q Good question. Your office.

8 A With my office, we created a case summary,  
9 "we" being Cheryl and I, that listed from the referral  
10 any bits of information that would be necessary to  
11 create a merged document. Client, client address,  
12 borrower, borrower's address, loan number, UPB, anything  
13 that would merge into any pleading. That case sum  
14 document saved us a lot of time, tremendously efficient.  
15 From the time that Cheryl and I created it, probably was  
16 two months, three months as Miriam started that I never  
17 really looked at a case sum again, and I'm sure that it  
18 got expanded a hundred times over without my sign-off  
19 because I don't need to sign off on the cases.

20 Q What is UPB?

21 A Well, in my profession, it's unpaid principal  
22 balance. I guess, if you're playing basketball or  
23 sports. Unpaid principal balance.

24 Q Well, I know what it means in sports.

25 A Yeah. I mean, it's true it's out there for

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1 Q You are aware though that she worked at -- as  
2 a paralegal?

3 A I'm aware that she worked at my office. I  
4 don't know her functionality.

5 Q Nor any of her responsibilities, roles while  
6 she was there?

7 A I only know that she was escorted out by the  
8 police and she lost her only child to her blind husband.

9 Q So, it's your inference that she wouldn't tell  
10 the truth?

11 A My inference is that she has no credibility  
12 based on what I understand or understood her to say. As  
13 I sit here today, my testimony is that I did not read  
14 her deposition. As I glanced at it, to me, it was just  
15 a blog because it was such garbage. I went to Cheryl  
16 because I knew clients would call, and Cheryl said  
17 David, she's a fruitcake, she got fired, she got  
18 escorted out by the police and to say how bad she is,  
19 she, in a custody, lost her child to her blind husband.

20 Q Did you read Cheryl Sammons' deposition?

21 A Which deposition?

22 Q How about the one in May of 2009?

23 A You have to tell me what it was. What case it  
24 was.

25 Q No, I don't -- it could be any of her

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1 something.

2 Q Would you agree with me that there was  
3 pressure put on Cheryl Sammons by you to get judgments  
4 entered so that the reports in the bank showed completed  
5 transactions?

6 MR. TEW: Object to the form.

7 A No, I wouldn't. If Cheryl had issues, she  
8 would come to me as she had done in the past and I would  
9 rectify the situation by getting rid of clients or  
10 calling clients to tell them you can turn off the  
11 volume. Cheryl knew if there was a problem, she could  
12 come to me. And that's why they had pretty much carte  
13 blanche, no restrictions on salary, no restrictions on  
14 hiring, take whatever space you need to take, no budget.  
15 They had -- they had the best of all worlds.

16 Q (By Mr. Jaffe) It sounds like a great place to  
17 work. During 2008, 2009, would Fannie Mae auditors come  
18 on property?

19 A In 2008, Fannie Mae created a new designated  
20 counsel program or network. They came on property to  
21 interview each of the firms and to review our operation,  
22 kick the tires if you will. I am not aware of any other  
23 Fannie Mae visit or on site, until probably June or July  
24 of 2010 when --

25 MR. TEW: Wait a minute. You've answered the  
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1 question.

2 A -- when Fannie Mae came in to visit law firms.

3 Q (By Mr. Jaffe) Did Fannie Mae come on property  
in 2008, Fannie Mae auditors?

4 A Fannie Mae auditors did not come out. I do  
not believe Fannie Mae auditors came on property. I  
believe their audit was a mail away audit.

5 Q Okay. Did Fannie Mae auditors come on  
property in 2009?

6 A I'm not -- let me -- let me go back. I don't  
think they came on in 2008. I think they came --  
they -- I'm sorry. They never came on, to the best of  
my knowledge. I am not aware of an audit of any sort on  
property or mail away in 2008. I believe it was 2009  
that they did an audit but it was a mail away audit.

7 Q When Fannie Mae -- and I'm sorry, I was  
interrupted so I lost the answer to the question that I  
wanted to hear the answer to. 2009, did Fannie Mae come  
on property?

8 A For what purpose?

9 Q Any.

10 A Yes, sir.

11 Q And did they let you know before they were  
coming on property that they were coming?

12 A They came on property they let us know for

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1 training and loss mitigation initiatives.

2 Q Okay. So, you knew they were coming?

3 A Yes, sir.

4 Q Okay. Did you instruct Cheryl or any staff  
members to extend hours in order to -- did you instruct  
staff to extend hours in anticipation of their meeting?

5 A That -- that's not what I did. That would be  
a day-to-day operation or decision. To the best of my  
knowledge, I wouldn't have any reason to do that and I  
would not do that. That would be Cheryl.

6 Q Okay. So, if it happened --

7 A I'm not saying it didn't, but I'm telling you  
I did not.

8 Q Sure. But I'm acknowledging that and say, if,  
9 in fact, it happened, that would have -- Cheryl would  
10 have been the person at the top that would have  
11 authorized that behavior?

12 A It depends if you're talking about  
13 Processing --

14 Q Yes.

15 A -- or you're talking about one of the other  
16 entities.

17 Q Processing.

18 A It would have been Cheryl.

19 Q Do you have any knowledge with regard to the

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1 instruction of staff members to rip stickers and client  
2 codes off the Fannie Mae files replacing them with those  
3 of a different lender?

4 A I do not.

5 Q Have you ever heard that accusation?

6 A Ripping the sticker off and replace it with a  
7 different client, no, I haven't. The files are \$3 and  
8 80-some odd cents, I -- it's been so long I know the  
9 price of them. But once the files were done because  
10 they're so expensive, the items would be documented, it  
11 would be put into a manila folder and we would re-use  
12 the folder again for a brand new case.

13 Q So, that's no?

14 A That's -- the answer to your question is no.

15 Q Are you aware that staff was instructed to  
16 remove the Fannie Mae files and put them into a remote  
17 back room?

18 MR. TEW: Object to the form.

19 A No, I'm not.

20 Q (By Mr. Jaffe) When Fannie Mae did come on  
21 property, what was your role? Did you meet with them?

22 A When Fannie came for loss mitigation, they  
asked that I be there simply to share best practices on  
what I see in other states with other law firms and give  
them benefit of my knowledge of what I understand to

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1 work or not work. So, from a loss mitigation  
2 standpoint, I would have been in attendance at that  
3 meeting, but that, again, was not an audit meeting.  
4 There was a meeting where the higher ups at Fannie Mae  
5 came in and ask me to be in attendance as they were  
6 going by to see all of their large Florida firms. And  
7 wanted to impress upon us the need to stay fully  
8 staffed, anticipations of huge, huge shadow inventory.  
9 Inventory that was in default but had not yet been  
10 referred for various reasons. And also to get my take  
11 on what the issues may be for backup, if any, of files;  
12 HEF, HOFA, all Obama initiatives that slowed down the  
13 process. So --

14 Q Why did they want you there?

15 A Because I'm the guy that knows what's going on  
16 with other states. I'm the guy that goes to these  
17 seminars. I'm the guy that probably more so than anyone  
18 is in touch with the largest 10 lenders in the country,  
19 and they were picking my brain to say hey, do you know  
20 of any problems that the servicers are having, David, do  
21 you know if they are, you know, getting you what you  
22 need. Well, I can't tell you if they're getting us what  
23 we need unless, you know, Cheryl would say Client ABC  
24 would send 10 affidavits and we haven't gotten them  
25 back.

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1 Q Would Cheryl be in those meetings?  
2 A Cheryl would be in those meetings, yes. As  
3 would Miriam, as would Beth. All good meetings, all  
4 positive meetings, all exciting meetings for growth and  
5 anticipation of volume. Huge numbers of shadow  
6 inventory.  
7 Q On site, on the physical plant, 900 South Pine  
8 Island --  
9 A 900 South Island, fourth floor conference  
10 room.  
11 Q Big conference room?  
12 A Big conference room.  
13 Q You're aware that, periodically, Cheryl  
14 Sammons was deposed?  
15 A I am, yes, sir.  
16 Q Again, you've already testified that you never  
17 read her depositions, is that accurate?  
18 A That is accurate, yes.  
19 Q When was the last time you spoke to Cheryl?  
20 A Latter part of -- probably, the latter part of  
21 November 2010.  
22 Q Why?  
23 A Because as the wheels came off, it came off  
24 under her watch and based on my testimony it's very  
25 apparent that I had tremendous trust and confidence in

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1 her and let her run the show. Not knowing that anything  
2 was wrong, I watched my world unravel. And as items  
3 came up, I was not aware of certain things and they may  
4 or may not have been the reason for Fannie and Freddie  
5 pulling the plug at the end of the day. I think it's a  
6 major reaction and political. But at that point in  
7 time, I terminated her.  
8 Q When was that? Ballpark, November?  
9 A End of November, yes. And Miriam as well.  
10 Q Did you ever discuss with Cheryl her  
11 deposition testimony in about the time in which they  
12 were occurring?  
13 A I would deal with Jeff too and in-house  
14 counsel for Forest McSurdy --  
15 Q Don't tell me anything you've talked to those  
16 guys about.  
17 A No, I'm not. I'm not. -- to determine if  
18 there were any issues or what needed to be taken if  
19 there's going to be any surprises. And Jeff, if  
20 anything needed to be fixed, he fixed it. And they  
21 educated me on the fix. And that was that.  
22 Q So, that's a yes?  
23 A Did I talk to Cheryl about her depo? Not  
24 specifics. How did it go. That's about it.  
25 Q Well, was it about how was it kind of go?

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1 A Yeah, how did it go. But again, it wasn't a  
2 big deal for me because Jeff would have been present in  
3 those depos. And Jeff would have come if there were  
4 problems and said these are the problems, or these are  
5 going forward with would be our best practices. So, I  
6 had it from him, I didn't need to go see Cheryl.  
7 Q So, whatever occurred during the Sammons  
8 depositions, you were made aware of?  
9 A If they were problematic, I would be made  
10 aware of them and what measures to take to -- to fix the  
11 issue, I would be made aware of. Nothing that I sat  
12 down and said oh, my God, I'm going to read this  
13 deposition myself because I have Jeff.  
14 Q Just for the record, Jeff is Jeffrey Tew --  
15 A Jeffrey Tew.  
16 Q -- sitting next to you?  
17 A Jeffrey Tew, Tew Cardenas, attorney  
18 extraordinaire. And from those depositions and  
19 depositions of others, Jeff would come and say  
20 everything good but I have some recommendations for best  
21 practices due to changing environments. And for the  
22 most part, we always win.  
23 Q Would you -- were you told that with regard to  
24 the Sammons depo in Deutsche Bank v. B-E-L-O-U-R-D-E-S,  
25 P-I-E-R-A that Sammons testified that there were at

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1 times the wrong party of interest in certain documents?  
2 MR. TEW: If any of your lawyers told you  
3 that, you shouldn't answer. That's privileged.  
4 A I don't know even know which case you're  
5 talking about. I'm sorry.  
6 Q (By Mr. Jaffe) Is it your testimony that at  
7 Cheryl Sammons' depositions, Jeffrey Tew of Tew Cardenas  
8 was her lawyer?  
9 A I don't think in every single one. There may  
10 have been Forest McSurdy from our firm or Michelle Mason  
11 or Donna Glaick, I'm not sure. That wasn't a  
12 day-to-day thing that I was involved in. I would  
13 venture to say that Jeff was brought in at the request  
14 of Forest -- Jeff Tew was brought in at the request of  
15 Forest McSurdy depending upon the nature of the -- of  
16 the deposition or the nature of the case.  
17 Q Do you know whether or not Jeff Tew was in  
18 attendance at the Sammons deposition taken on May 20th,  
19 2009?  
20 A I don't.  
21 Q Do you know if Jeff Tew was in attendance in  
22 the Sammons deposition that was taken on April 29th,  
23 2010?  
24 A I do not.  
25 Q Were you made aware from Ms. Sammons that she

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1 testified in April of 2010 that her signature does not  
2 mean the contents of the document she signed was  
3 accurate and truthful?

4 A I'm sorry? Would you read that back.

5 (Thereupon, the record was played  
6 back.)

7 (Deposition resumed.)

8 A I don't even understand the question.

9 Q (By Mr. Jaffe) Was one of Ms. Sammons' roles  
10 in 2008, 2009 to sign certain documents?

11 A Certain types of documents, yes. Not all of  
12 2009 and only for certain clients.

13 Q What type of documents?

14 A Assignments of mortgage for MERS, mortgage  
15 electronic registration, and -- and that, of course, was  
16 executed pursuant to a MERS corporate resolution  
17 empowering Cheryl and others to sign.

18 Q Okay.

19 A Cheryl also -- Cheryl and others, pursuant to  
20 power of attorneys from various clients, would have  
21 executed affidavits of indebtedness after their review  
22 of the contents of the affidavits pursuant to power of  
23 attorney that were, of course, set out under the  
24 signature line.

25 Q Okay. And are you aware -- did Ms. Sammons

1 ever tell you that she testified that my signature on  
2 certain documents doesn't mean that the contents of the  
3 documents are either accurate or truthful?

4 MR. TEW: Object to the form of the question.  
5 Misstates the testimony.

6 A I -- she actually never told me that.

7 Q (By Mr. Jaffe) Okay. When the stock -- when  
8 you went public and the stock was issued, what was the  
9 trade price, approximate trade price?

10 A \$8.81.

11 Q 10 -- \$10?

12 A I think it was \$8.81. I don't recall. I  
13 mean, it went to \$10, it went to \$12.50, it went to \$15.

14 Q All right. Would you agree with me that by  
15 February of 2010 it was trading at half that?

16 A February of 2010?

17 Q Yes.

18 A It was trading at --

19 Q \$5-ish.

20 A I don't -- I don't believe so.

21 Q By April 15th, 2010, it was down by almost 88  
22 percent?

23 A I don't recall that, no.

24 Q July 20th, 2010, you were sued in an investor  
25 class action security suit?

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1 A When you say "you," who's you?

2 Q Fair enough. Stern -- Law Offices of David J.  
3 Stern, P.A. Question?

4 A No.

5 Q DJSP Enterprise, BBI?

6 A I have to look back and sign up a complaint.

7 Q But you are aware that there was a securities  
8 case filed?

9 A I am, yes, sir.

10 Q Also in July 2010, there was a RICO class  
11 action filed against you?

12 A Who's you?

13 Q Fair enough. There was a RICO class action  
14 filed against certain -- Stern, P.A., DJSP and others?

15 A So, not me. The 23 MERS members, yes, sir.  
16 Which the court dismissed.

17 Q Are you aware that July 27th, 2010 DJSP  
18 Enterprises, BBI announced through a press release that  
19 new referrals had decreased?

20 A I'd have to see the press release of the time.  
21 I understand there was a press release made, but I don't  
22 know if it's July 27th. If you say there's one done,  
23 then we can stipulate to that.

24 Q I'll get it if you want to.

25 A Okay.

1 MR. JAFFE: Frank, you want a copy?

2 MR. SCRUGGS: Yes, please. Thank you.

3 Q (By Mr. Jaffe) Thought we're going to get  
4 through without it because it looks --

5 A No. No. We -- we --

6 Q Plaintiff's 1.

7 (Thereupon, Exhibit 1 was entered  
8 into the record.)

9 A I don't mind. You said guys, I'm good, in  
10 there.

11 MR. BERNSTEIN: You already made the copies,  
12 so might as well hand them out.

13 Q (By Mr. Jaffe) All right. I just handed you  
14 what's been marked as Plaintiff's Exhibit 1 for  
15 identification purposes. Take a look at it and then I  
16 will ask a question. I would direct your attention to  
17 the second paragraph -- oh, the first paragraph where it  
18 has a date and then the second paragraph.

19 A Okay. Yes, we did send out that press release  
20 dated July 27th.

21 Q All right. So, back to my question. Let's  
22 just be clear on the record. As of July 27th, 2010,  
23 DJSP Enterprises, BBI announced that new referral  
24 business had decreased?

25 A Yes.

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Q Okay. Are you aware that August 10th, 2010 the attorney general of the State of Florida began investigating your law office?

A I'm sorry.

(Thereupon, Exhibit 2 was entered into the record.)

Q (By Mr. Jaffe) I'm going to show you what's now been marked as Plaintiff's 2 for identification purposes. And ask you if you recognize that.

A This is a press release that announces investigate -- new investigations against Law Offices of Marshall Watson, Shapiro & Fishman, Law Office of David J. Stern.

Q So, does that refresh your recollection that on August 10th, 2010 the attorney general of the State of Florida began an investigation?

A No, sir, it does not.

Q Okay.

A I don't know if I have personal knowledge when they started it, I just know when the release came out.

Q Okay. In August of 2010, were you made aware by anybody that the AG was investigating you, "you" being the law office?

A I don't know if it was on the 11th or the 12th or the 13th.

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the volume."

Q (By Mr. Jaffe) Do you understand what he means when he says, "We must also focus on our legacy population"?

A Yes.

MR. TEW: Object to the form.

Q (By Mr. Jaffe) You can answer.

A Yes.

Q What does he mean?

A He means that there are files that had been in the office that our legacy files, meaning they've been around for a while. Generally, on -- on hold for HEF and HOFA. And Fannie and Freddie were pushing servicers to get these files off hold. So, we're seeing huge numbers of files by the -- by the thousands coming off hold with proceeds. Hence, he saying that while we have no immediate plans for staff changes, we're going to use that existing staff to handle those files that had come off of hold from HEF and HOFA and get those moving through the system.

Q And let's move back to a question I asked you previously. And I'll ask a better question.

A Okay.

Q Would you agree with me that the Law Offices of David J. Stern, P.A. was the principal customer of

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Q So, you were made aware?

A I was made aware but I don't know if it was August 10th.

Q Okay. All right. So, sometime in August you were made aware that the attorney general's office had begun an investigation of your law office?

A Based on this press release that would -- I would know, somewhere around there, yes, definitely in the month of August.

Q So, then you had a conference call with investors on September 8th, 2010, correct?

A Sorry?

Q Okay. If we could go back to Plaintiff's 1. Specifically referring to paragraph five that begins with "Rick Powers". Let me know when you're ready.

A Okay.

Q Would you agree with me that in a July 27th, 2010 press release, DJSP Enterprises announced that there would be no immediate plans for significant staffing changes?

MR. SCRUGGS: Object to the form.

MR. TEW: Object to the form.

A Rick was quoted to saying, "We have no immediate plan for significant staffing changes that would reduce our response time or our ability to handle

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DJSP Enterprises, BBI?

MR. SCRUGGS: Object to the form.

MR. TEW: Same objection. Form.

A No.

Q (By Mr. Jaffe) No? All right. Let me direct your attention down to the bottom of this press release, last paragraph.

A Okay.

Q And if you could read to me, beginning with the word "the company's principal customer is."

A "The company's principal customer is the Law Office of David J. Stern whose clients include all of the top 10 and 17th of the top 20 mortgage servicers in the United States many which have been" -- I'm sorry -- "customers of the law firm for more than 10 years. The company has approximately a thousand employees and is headquartered in."

Q Does that refresh your recollection that the Law Office of David J. Stern, P.A. was a principal customer of DJSP Enterprises?

A It is the principal customer of DJS Processing.

Q So, this is inaccurate?

A It's not inaccurate. It's DJS Processing is then part of DJSP Enterprises. But DJSP Enterprises has

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1 other clients.  
2 Q So, it's less than complete?  
3 A I think it's complete. I understand it.  
4 Q Okay. With investors?  
5 A Other clients.  
6 Q Investors in the stock?  
7 MR. TEW: Object to the form.  
8 A I'm sorry. One, I can't speak for the  
9 investors.  
10 Q (By Mr. Jaffe) All right. Have you ever been  
11 become made aware of the attorney general of the State  
12 of Florida's investigation into your law firm as to what  
13 they're investigating?  
14 A I have.  
15 Q Are you aware that one of the things their  
16 investigating is the creation of false legal documents?  
17 A False legal documents. What's a false legal  
18 document?  
19 Q Documents containing false information.  
20 A I -- I'm -- I'm not aware of that. And they  
21 may be investigating it but I'm not aware if -- if  
22 that's one of their obligations in the business.  
23 Q Right. That's all I'm asking you, of what  
24 you're aware of, whether or not they're investigating  
25 your law firm regarding inflated fees.

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1 office is investigating foreclosures on people without  
2 verifying their identities?  
3 A I don't know how you do that, I'm not aware of  
4 that. But the AG wouldn't surprise me.  
5 Q Are you aware that the attorney general is  
6 investigating the law office for foreclosing on people  
7 without verifying the amount that is owed?  
8 A I guess that would be part of the review of  
9 the affidavits. So, yes.  
10 Q Are you aware that the attorney general's  
11 investigating the law office or you, individually, for  
12 paying kickbacks to banks?  
13 A I did hear that one.  
14 Q Let's move on to September 8th, 2010. Do you  
15 have a recollection of having a conference call with  
16 investors?  
17 MR. SCRUGGS: Asked and answered.  
18 A I'm not sure what day but let's look at the  
19 press release.  
20 (Thereupon, Exhibit 3 was entered  
21 into the record.)  
22 Q (By Mr. Jaffe) Let me show you what has now  
23 been marked as Plaintiff's Exhibit 3 for identification  
24 purposes. Take a look at that.  
25 A Do you want me to read the whole thing?

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1 I had heard that on -- on -- on a list of one  
2 of the items, that's correct.  
3 Q The AG is investigating your law office for  
4 referring business to companies that the law firm owns  
5 or has a financial interest in?  
6 A I haven't heard that one.  
7 Q Filing foreclosures without proving the bank  
8 owns the loan?  
9 A I've heard that they're investigate -- they  
10 were investigating that.  
11 Q Investigating the allegations that there were  
12 false mortgage assignments?  
13 A False mortgage assignments, I have not heard  
14 that. I don't know what a false mortgage assignment is.  
15 Q A mortgage assignment containing false  
16 information.  
17 A I -- they're maybe investigating. I'm not  
18 aware of that.  
19 Q Investigating false or fraudulent signatures?  
20 A I'm aware of that.  
21 Q Falsifying notarizations?  
22 A I wouldn't say falsifying but questioning  
23 notarizations in the notary's presence while the party  
24 is signing it.  
25 Q Are you aware that the attorney general's

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1 Q No. No. No. No.  
2 A Okay.  
3 Q Let me direct your attention to page four of  
4 this document, entitled "conference call information."  
5 Please read that paragraph to yourself.  
6 A Okay.  
7 Q Does that refresh your recollection that there  
8 was an investor conference call on September 8th, 2010?  
9 A It does.  
10 Q Do you recollect where you were, when you  
11 participated in that conference call?  
12 A I don't. I don't.  
13 Q Can I refresh your recollection by suggesting  
14 to you that you're on your boat?  
15 A Absolutely not.  
16 Q Do you have a recollection of being live on  
17 the premises or on the plant facility at 900 South Pine  
18 Island Road?  
19 A I don't know if we were on the road. I would  
20 think, given the sensitivity -- I don't recall, but I  
21 can say I was not on my boat.  
22 Q Let me ask you some questions. Do you have an  
23 independent recollection of the content of that call,  
24 what you said?  
25 A I believe I said very little. Rick Powers

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1 handled that call to the best of my recollection.  
 2 Q Okay. And certainly, the tape recording of  
 3 the contents of that call speak for themselves and with  
 4 regard to who spoke and how much they spoke, correct?  
 5 A Correct.  
 6 Q Okay. Do you have a recollection of saying  
 7 that DJSP Enterprises had 20 percent of the market share  
 8 in Florida?  
 9 MR. TEW: Object to the form.  
 10 A I don't recall saying that ever, or at what  
 11 point in time -- are you saying I said that on this  
 12 call?  
 13 Q (By Mr. Jaffee) I'm asking you if you did.  
 14 A I don't believe I -- I don't recall.  
 15 Q Do you recall saying that there was 1,200  
 16 employees in DJSP Enterprises?  
 17 A I don't recall what I said on that particular  
 18 call.  
 19 Q Do you believe -- do you have a recollection  
 20 of whether or not you said that DJSP Enterprises was the  
 21 largest provider of processed services to the mortgage  
 22 lending industry in the State of Florida?  
 23 MR. TEW: Object to the form.  
 24 A I don't recall what I said.  
 25 Q (By Mr. Jaffee) Do you have a recollection

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1 whether or not you said DJSP Enterprises is believed to  
 2 be the largest in the country in terms of judicial  
 3 foreclosures?  
 4 MR. TEW: Object to the form.  
 5 A I don't recall what I said on that call.  
 6 Q (By Mr. Jaffee) Would you agree with me that  
 7 Wells Fargo, GMAC and Goldman Sachs were some of your  
 8 top clients as of September 2010?  
 9 A No.  
 10 Q Would you agree with me that BOA, Citigroup  
 11 and HSBC were some of your top clients as of September  
 12 2010?  
 13 A No.  
 14 Q Would you agree with me that PNC, Freddie Mac  
 15 and Fannie Mae were some of your top clients as of  
 16 September 2010?  
 17 A How -- define "some of your top clients."  
 18 Q Were you doing work for any of those lenders?  
 19 A Okay. That doesn't -- yes, I was doing work  
 20 for -- well, the answer to your question is no.  
 21 Q As of September of 2010, you weren't doing any  
 22 work for any of those lenders?  
 23 A Fannie Mae and Freddie Mac are not lenders.  
 24 And you put the three of them together, therefore the  
 25 answer is no.

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1 Q Were you doing any work for Wells Fargo?  
 2 A Yes, sir.  
 3 Q Were you doing any work for GMAC?  
 4 A Yes, sir.  
 5 Q Were you doing any work for Goldman Sachs?  
 6 A Not that I know of.  
 7 Q Bank of America?  
 8 A Yes, sir.  
 9 MR. TEW: These are referring to the law firm  
 10 of David Stern, right?  
 11 MR. JAFFEE: This --  
 12 MR. TEW: Then I'm going to object to all  
 13 these questions you -- unless it means the Law  
 14 Offices of David Stern.  
 15 MR. JAFFEE: I didn't mean him, individually.  
 16 MR. TEW: Well, there's no other law firm that  
 17 could be rendering services. I'll object to all of  
 18 those questions, unless you mean the Law Office of  
 19 David J. Stern.  
 20 MR. SCRUGGS: You know, I'll join. I'll move  
 21 to strike the answers on the basis that -- of the  
 22 questions.  
 23 Q (By Mr. Jaffee) Would you agree with me that  
 24 the following clients had been your clients, yours being  
 25 the Law Office of David J. Stern since 1994, Bank of

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1 America?  
 2 A No, sir.  
 3 Q When did they become a client of your law  
 4 firm?  
 5 A I'd have to look and see when Bank of America  
 6 came on the scene. There's NCNB and there's  
 7 NationsBank. In 1994, Bank of America, I don't think  
 8 they existed. They certainly weren't our client.  
 9 Q Okay. Citigroup?  
 10 A Citigroup?  
 11 Q When did they come out --  
 12 A As a client of the Law Offices of David J.  
 13 Stern?  
 14 Q Yes, sir.  
 15 A 1994.  
 16 Q HSBC?  
 17 A There may be referrals that come from clients  
 18 where HSBC is a plaintiff, but a direct relationship  
 19 with HSBC, I don't recall. Not in 1994 though.  
 20 Q Is it fair to say though on that conference  
 21 call of September 2010, you held yourself out to  
 22 represent all of the top 10 lenders?  
 23 A I don't recall what I said on that call.  
 24 MR. TEW: Yeah. Same objection as you.  
 25 Q (By Mr. Jaffee) You, as it relates to a

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1 conference call, were you speaking is what my reference  
 2 is to you, that you said that the law office or DJSP  
 3 enterprises represents all the top 10 lenders?

4 MR. TEW: Same objection.

5 A I don't recall what I, David J. Stern, said on  
 6 that call.

7 Q (By Mr. Jaffee) Okay. Do you recollect saying  
 8 on that call that you expected growth to be at  
 9 historical heights between 2012 and 2017?

10 A I, David J. Stern, do not recall anything that  
 11 I said or that call. I may have said hi, this is David  
 12 Stern.

13 Q I think you might have said a little more than  
 14 that.

15 (Thereupon, a short discussion was  
 16 had off record.)

17 (Deposition resumed.)

18 Q (By Mr. Jaffee) Now that we have been speaking  
 19 about the conference call on September 8th, 2010, do you  
 20 recollect if you were reading from script?

21 A I do not.

22 Q Do you recollect if what documents, if any,  
 23 you were referring to and looking at while you were  
 24 speaking?

25 A I don't. I'm sorry.

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1 Q Do you remember GSE being in your office a few  
 2 days prior to September 8th, 2010?

3 A I would have to look back at my calendar and  
 4 see which GSE and what it was. As I -- yeah, that's  
 5 all.

6 Q What are lien searches?

7 A Lien searches are searches that people may  
 8 have against themselves, generally attaches to the  
 9 property. So, if you want to give somebody a credit  
 10 card, you're going to want to do a lien search to see if  
 11 these people have any judgments or liens against them.

12 Q Is that a business that DJSP Enterprises was  
 13 looking to get into?

14 A Yes, sir.

15 Q Do you remember telling the investors that  
 16 that would create a \$100 to \$150 a pop?

17 A I don't recall. "At what point in time,"  
 18 would be my first question, "What investors were?"  
 19 and --

20 Q The September --

21 A I can't tell you. I don't recall what I said  
 22 on that call.

23 Q I'm still -- I'm only talking about the  
 24 September 2000 --

25 A I don't have any recollection of what was said

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1 Q Is there anything that would refresh your  
 2 recollection as to what you were looking at and  
 3 referencing during that call?

4 A I assume that if we read off the script, then  
 5 we could find the script.

6 Q Is that something that was done on  
 7 investor-cost, that is, reading off the script at times?

8 A At times.

9 Q Assuming you said we have direct source for  
 10 Wells Fargo and for GMAC, what does that mean?

11 A Assuming I said it? Direct source is a  
 12 relationship whereby services have retained law firms to  
 13 handle both law firm functionality as well as servicer  
 14 functionality. It results in increased volume, better  
 15 control over the files, closer relationships with the  
 16 clients and it avoids payment of any outsourcing fees.

17 Q What does GSE mean to you?

18 A Government-sponsored entity, Fannie Mae,  
 19 Freddie Mac.

20 Q Do you recollect telling people on the other  
 21 end of the phone call, the conference call, that one of  
 22 the GSEs that was with us the other day in our office,  
 23 they actually were there to kick the tires. Do you  
 24 remember making that statement?

25 A I don't remember anything I said on that call.

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1 on that particular call.

2 Q Generally speaking, do you believe you gave a  
 3 positive forecast for the future of DJSP Enterprises on  
 4 that September 8, 2010 phone call?

5 A I don't recall what I said on that particular  
 6 day in terms of anything.

7 Q On September 8th, 2010, the date of that  
 8 conference call, were you aware that two weeks later,  
 9 approximately, Ms. Kapusta's deposition was being taken  
 10 by the attorney general?

11 A Was I aware at that time of this call, that  
 12 two weeks after, they were going to take her deposition?

13 Q Sure.

14 A Sorry. My crystal ball was broken that day.

15 Q But generally, there's some notice given?

16 A No, there's not. There's no notice. There's  
 17 no right for us to cross-examine. There's no right for  
 18 us to be there. There's no nothing. So, the answer is  
 19 no.

20 Q I appreciate you clearing that up.

21 A Keep asking your questions.

22 Q Do you recollect -- referring to Plaintiff's  
 23 Exhibit No. 3 for identification purposes. A press  
 24 release sent out, September 7th, a day before the  
 25 investor conference call by DJSP Enterprises. I'm

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1       directing your attention to page three under "Operation  
2       Discussions".

3       A       Okay. I'm sorry. What was your question?

4       Q       I haven't asked you yet.

5       A       Okay. All right.

6       Q       Is it fair to say that you were telling your  
7       investors by this press release that DJSP Enterprises  
8       believed file volume would increase over the third  
9       quarter?

10      MR. TEW: Object to the form of the question.

11      That's an incomplete sentence or part of a  
12       sentence.

13       Q       (By Mr. Jaffe) All right. Based on the  
14       objection, I'll torture you, and then ask you to read,  
15       please, for the record, beginning with "As of" -- or "As  
16       a."

17       A       "As a result of management's discussion with  
18       our largest clients" -- "client, the law office of  
19       David J. Stern PA, and with the major lenders and  
20       servicers for whom DJSP process foreclosure files, we  
21       believed file volume would increase in the third quarter  
22       and we previously decided to maintain current staffing  
23       levels; however, file volumes continued to be delayed  
24       and existing staffing levels are not sustainable  
25       indefinitely."

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1       A       I don't recall.

2       Q       Is it fair to say, paraphrasing, that the  
3       existing staffing levels may not be sustainable  
4       indefinitely, is what part of this message is?

5       A       That is correct.

6       Q       Is it also fair to say, looking at the next  
7       paragraph, Mr. Powers is commenting and saying,  
8       "We're prepared to create efficiencies and make  
9       cuts where appropriate over the next three to six  
10       months"?

11      A       That's what he said, yes, sir.

12       Q       Okay. When you say, "make cuts", what does  
13       that mean to you?

14       A       Reduce staff. Cut expenses. Overhead would  
15       include staff or could include office space or could  
16       include copiers or could include lack of efficiency.

17       Q       In September -- as of September 7th, 2010, did  
18       you inform any of your staff of impending cuts?

19       A       I did not. I, David J. Stern, did not advise  
20       my staff of any impending cuts.

21       Q       Did HR?

22       A       I have to ask HR. I'm not aware of it.

23       Q       You're not aware of whether HR did or didn't?

24       A       Correct. Everybody got this press release.

25       Q       Everybody? What's that mean?

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1       Q       So, here, explain to me, if you can, the  
2       purpose of that paragraph.

3       A       It was the belief that volume would increase  
4       in the third quarter. And DJS Processing had decided to  
5       maintain current levels. At this point in time, the  
6       volume hasn't come back or they continued to be delayed.  
7       And as such, the existing staff levels are not  
8       sustainable indefinitely.

9       Q       Were you involved in any way in disseminating  
10       any of that information to anyone?

11      A       I don't recall what I said on the conference  
12       call. I didn't put these in envelopes and mail them out  
13       to anybody.

14       Q       What I mean by this is, this is obviously  
15       produced on September 7th and sent out, okay?

16       A       Yes.

17       Q       Right?

18       A       Yes, sir.

19       Q       Okay. And the information contained within  
20       this press release was obviously obtained before  
21       September 7th. Could have been the day before?

22       A       Yes, sir.

23       Q       Okay. My question was, did -- were you part  
24       of creating the data in any way that is contained in  
25       this September 7th press release?

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1       A       Whoever wanted to go look at the press release  
2       would have gotten knowledge, but I didn't send the press  
3       release out.

4       Q       Where was it sent?

5       A       I'm sorry?

6       Q       You said everyone got this press release. I'm  
7       not sure what that means. I didn't get it.

8       A       Whoever wanted it could get it. I guess,  
9       they'd go on the SEC website where press releases are  
10       released too, and it's there.

11       Q       Do you know if any of your staff who -- even  
12       knew the existence of an SEC site -- website?

13       A       You have to ask folks that or the  
14       informational officer. I know at the time Chris Simmons  
15       kept everybody abreast of where to go and what was  
16       going on and commonly-asked-questions. So, that was  
17       a Chris Simmons, not a David Stern.

18       Q       And is it your testimony that Chris Simmons  
19       would send out either e-mail or post HR disseminating  
20       notes that, "A new press release has been made available  
21       and here's a copy of it, if you want"?

22       A       I do not know if that was the way the  
23       mechanics work. But I do know that Chris made himself  
24       available to all staff if they had questions through a  
25       particular e-mail box.

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1 Q This press release, who is it intended for,  
2 this type of a press release?

3 A No idea. Investors. Disclosure to the world,  
4 to the SEC. You've got to make the world aware of  
5 everything. So, anyone in this world, it's intended  
6 for.

7 Q Including investors?

8 A They're for everybody, including Hugh  
9 Bernstein.

10 Q Would you agree with me that on  
11 September 29th, Chase suspended referrals to the Law  
12 Office of Javid Day Stern. Javid?

13 A I got you.

14 Q David J. Stern.

15 A On September 29th?

16 Q Yes, sir.

17 A I am not aware of any client suspending  
18 referrals in September. As I sit here today, I have no  
19 idea.

20 Q Are you aware that on October 8th, 2010,  
21 25 percent of Professional Title and Abstract employees  
22 were fired?

23 MR. TEW: Object to the form.

24 A I am aware of somewhere during that time  
25 period, given the acquisition of Timeos for efficiency

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1 had off record.)

2 (Deposition resumed.)

3 Q (By Mr. Jaffe) Let me rephrase. Are you aware  
4 on October 14th, 2010, staffing levels had been reduced  
5 by 10 percent?

6 A I certainly don't know the dates specific. I  
7 can tell you that that's before, at least to my  
8 knowledge, that Fannie and Freddie pulled the files.  
9 And I can tell you that staff reductions were  
10 contemplated due to a whole host of things, from  
11 uncontrollable events, government intervention,  
12 robo-signing on behalf of pretty much every major bank  
13 out there.

14 MR. TEW: David, he just asked, "Were you  
15 aware of that?"

16 A I was not aware of the date, but I was aware  
17 of the imminent staff reduction.

18 Q (By Mr. Jaffe) Do you have a recollection when  
19 the first time staff reduction issues were brought up in  
20 a meeting?

21 A I don't. That would have been Rick Powers and  
22 Cheryl Sammons and Chris Simmons. I do not.

23 Q You were not in any of those meetings?

24 A To discuss staff reductions or to decide who  
25 stays?

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1 purposes, a lot of the previous Professional Title and  
2 Abstract work was sent to the Timeos folks out in  
3 California to gain efficiencies, better training, better  
4 technologies, et cetera.

5 Q (By Mr. Jaffe) Would you agree with me that on  
6 October 8th, 2010, Freddie Mac told Morgan Services to  
7 stop sending work to Stern PA?

8 A Not aware of that. On October 8th? Not aware  
9 of that.

10 Q Are you aware that on October 11th, 2010,  
11 Fannie Mae and Citigroup suspended new referrals to  
12 Stern PA?

13 A I'm not aware of that.

14 Q Are you aware that on October 14th, 2010, DJSP  
15 Enterprises announced a 10 percent reduction in file  
16 volume?

17 A Via what?

18 Q A press release.

19 A I'd have to see that, you know. At that point  
20 in time, everything, you know, cuts coming every which  
21 way.

22 Q So, you're not saying it didn't happen, you're  
23 just not aware of it? You don't recollect?

24 A I mean, I don't recollect.

25 (Thereupon, a short discussion was

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1 Q To discuss the issue of staff reductions.

2 A At what point in time?

3 Q Any.

4 A I've been at meeting where they discuss staff  
5 reductions, absolutely.

6 Q 2010?

7 A Yes.

8 Q How early?

9 A First, second week of November 2010.

10 Q That's -- so, your best recollection is that  
11 would be the first time you were animating where a  
12 discussion was had regarding staff reductions?

13 A No. I would say I was in meetings for staff  
14 reductions -- given the key words "staff reductions" --  
15 from the day Phil Cobb came on to the day Rick Powers  
16 succeeded him.

17 Q Phil Cobb came on when?

18 A I don't recall. Sometime, I think, just as  
19 the transaction kicked off on January 2010.

20 Q Were you ever made aware by anyone after  
21 January 15th, 2010 that based on industry events, you  
22 might want to consider reducing staff?

23 A Was I made aware at any time after  
24 January 15th, 2010 that I might want to consider  
25 reducing staff? Anytime after January 10th? Yes.

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1 Q And before November 2010?  
2 A Yes.  
3 Q What's your first recollection of when that  
4 would have been and by who?  
5 A It would have been by Rick Powers in  
6 September -- August, September.  
7 Q Under what circumstances was that discussion?  
8 A He presented me with updates on management  
9 tools; better training, measuring by the metrics and  
10 tremendous technology where efficiency's increased  
11 tremendously. And we would continue with staff to  
12 handle legacy problems, issues, "volumes" being the  
13 keyword. But on a positive, given the technology and  
14 the better training and holding people accountable, he  
15 was confident that we could reduce staff at some point  
16 in time.  
17 Q Was it Rick Powers' idea to outsource  
18 backoffice labor to the Philippines?  
19 A No.  
20 Q Do you recollect espousing that one of the  
21 keys to success on an ongoing basis would be to  
22 outsource labor for backoffice to the Philippines at  
23 one-half the salary of full-time Plantation employees?  
24 A I don't know if I said one-half, but at  
25 substantial savings from a Plantation or US-based

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1 tell you from a dollar-and-cents, it's been efficient.  
2 Q You also said at some point that Professional  
3 Title and Abstract was the first entity to go paperless?  
4 A I did, yes, sir.  
5 Q Okay. Do you remember when that was?  
6 A No, sir.  
7 Q And did you also recollect saying in reaction  
8 to going paperless, We won't need -- there'll be no need  
9 for the 90-or-so file clerks running around.  
10 A Did I say that in my testimony today?  
11 Q No.  
12 A Oh, because if I say, "no" --  
13 Q No.  
14 A I don't recall saying that. Yeah, I don't.  
15 Q Are you aware in October 21st and October 22nd  
16 of 2010, DJSP Enterprises terminated 190 employees?  
17 MR. TEW: Object to the form.  
18 A I know DJSP Enterprises terminated employees.  
19 I don't know exactly what dates or how many.  
20 Q (By Mr. Jaffe) Were you involved? You've  
21 already told me your first recollection of being in a  
22 meeting with regard to terminations was in November.  
23 So, obviously, my question's dealing with an October  
24 date. Is it fair to say you have no recollection being  
25 in a meeting to discuss the terminations I've just

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1 employee, absolutely.  
2 Q And when is your recollection of the first  
3 time you would have espoused that type of process?  
4 A I have no idea.  
5 Q 2009?  
6 A No, I think it would have to have been after  
7 the transaction, January 15th, 2010.  
8 Q It was in the first half of 2010?  
9 A I don't recall.  
10 Q Did you, in fact, outsource labor to the  
11 Philippines?  
12 A We were doing that in 2008, 2007.  
13 Q Did you increase outsourcing of staff,  
14 backoffice staff, in the first quarter of 2010?  
15 A Sure. As volumes increased, we had to  
16 increase volume there.  
17 Q Did you increase your staff in the Philippines  
18 because -- or in a reaction to increased file volume or  
19 to reduce expenses?  
20 A I only know that additional bodies were  
21 necessary. That would be Cheryl Sammons, that was her  
22 role. That wasn't my role. So, I can't tell you. I  
23 don't know. That's a day-to-day process that she was  
24 involved in, and I can't even tell you who works in the  
25 Philippines or who's who or what's what. I can only

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1 mentioned?  
2 A In October?  
3 Q Yes, sir. Or earlier for that matter.  
4 A You know, I may have been in a meeting, but  
5 Cheryl would have been there at that point in time. So,  
6 Cheryl would have headed up that meeting or worked  
7 hand-in-hand with Chris Simmons and Rick Powers, quite  
8 simply because I would not know who's who, who needs to  
9 stay, who needs to go. Was I in the meeting? I don't  
10 know. Do I know the people? Absolutely not.  
11 Q Would you agree with me that even as late as  
12 November 2010, the HR department was still operating off  
13 of one e-mail assistant?  
14 MR. TEW: Objection.  
15 A I wouldn't know that.  
16 (Thereupon, a short discussion was  
17 had off record.)  
18 (Deposition resumed.)  
19 Q (By Mr. Jaffe) Are you aware that the  
20 terminations I just referenced -- the 198 that were  
21 conducted or carried out in October 21st, October 22nd,  
22 2010 -- were just carried out by group meetings and  
23 employees being given a letter?  
24 MR. TEW: Object to the form.  
25 A I remember knowing that cuts that took place

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1 on or about that time or as a result of efficiencies  
2 gained in the day-to-day operation. I remember  
3 expressing concern as to how do you go about terminating  
4 whatever number it was. I don't know what the number  
5 was, but it wasn't feasible to bring a person in and  
6 say, "Look, I'm sorry, blah, blah, blah". And I  
7 remember Rick Powers or Chris Simmons reaching out to an  
8 outside firm for some guidance on how to best terminate  
9 a number of people, a number of people where you can't  
10 bring them all in one room and say, "I'm sorry, but the  
11 firm's gained efficiencies. It's time to have some  
12 cuts, and unfortunately, you're the cuts". So, how it  
13 ultimately got done, I understand. I do remember there  
14 was letter of notification. That's really about all  
15 that I know.

16 Q (By Mr. Jaffe) Did you sign that letter?

17 MR. SCRUGGS: Objection to form.

18 MR. TEW: Same objection.

19 A I don't recall.

20 Q (By Mr. Jaffe) But your name's on the bottom of  
21 the list?

22 A Show me the letter. I can let you know. I  
23 don't recall.

24 Q I show what's been marked Plaintiff's Exhibit  
25 No. 4 for identification purposes.

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1 with investors, to October 21st, 2010, the 75 percent of  
2 your referral business have gone away already?

3 MR. TEW: Object to the form of the question.

4 A If that's what's in the letter, then that's  
5 what occurred. I don't know if 70 percent went away two  
6 days before and 5 percent went away June, July, August.

7 Q (By Mr. Jaffe) Right. Because you actually  
8 referenced six months earlier.

9 A Right.

10 Q So, business had apparently begun to take a  
11 downturn six months prior to October 21st, 2010?

12 A Correct. When Bank of America had technology  
13 changed, volume began to drop off. We, of course, were  
14 hopeful that given the promises from clients that  
15 volumes would pick up, Fannie Mae coming in the office  
16 and saying, "Be prepared for the shadow inventory", that  
17 that volume would come back. And we were confident that  
18 we could use the existing staff to work on the legacy  
19 files. Then --

20 Q And the BOA business dropped off? This began  
21 when?

22 A They had a technology change when Bank of  
23 America and Countrywide merged or Bank of America  
24 acquired Countrywide, they changed their system. And as  
25 a result of that system conversion, half of our

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1 (Thereupon, Exhibit 4 was entered  
2 into the record.)

3 Q (By Mr. Jaffe) Actually, take a look.  
4 Actually, after you're done looking at it, if you  
5 recognize it?

6 A I do recollect the letter and that is my  
7 signature.

8 Q Okay. And you signed this letter dated  
9 October 21st, yes?

10 A I did sign it, yes, sir.

11 Q And you signed it as CEO of DJSP Enterprises?  
12 A Yes, sir.

13 Q And what was the reason that you gave the  
14 affected employees for their termination?

15 A What was the reason?

16 Q Yes, please read paragraph number one.

17 A "The referral of new businesses decreased by  
18 over 75 percent in the last six months. While we're  
19 doing everything possible to guide the company  
20 successfully through these difficult times, it's unclear  
21 what the business will look like in the near future.  
22 So, due to loss of business, we regret to inform you  
23 that we are laying off a substantial amount".

24 Q Now, is it your testimony that between  
25 September 8th, 2010, which is the conference call date

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1 referrals from them.

2 Q When?

3 A I'm thinking -- I got to look at the volume.  
4 I got to look at the volume. I'm thinking second  
5 quarter.

6 Q Define that for us, not in your world.

7 A Oh, no, I'm not in that world either. Let's  
8 see, January, February, March -- so, April, May, June.

9 Q Okay. Are you aware that on October 22nd,  
10 2010, DJSP Enterprises sends out a press release  
11 announcing that as of October 22nd, the total number of  
12 layoffs were now approximately 300?

13 MR. TEW: Object to the form of the question.

14 Q (By Mr. Jaffe) Are you aware of that?

15 A I don't recall.

16 Q Any reason to question? Are you saying, "I  
17 don't agree" or are you saying "I have no knowledge."

18 A I have no knowledge. I don't know what the  
19 number was. I don't know the date. I simply know that  
20 great efficiencies were realized and volume hadn't  
21 bounced back.

22 Q On October 25th, 2010, Mark Harmon resigns off  
23 the board of directors, is that true? I mean, is that  
24 your recollection?

25 A I don't know the date, but Mark Harmon did

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1 resign off the board of directors.  
 2 Q Do you know why?  
 3 A I don't.  
 4 Q How many people did you place on the board of  
 5 directors?  
 6 A Four.  
 7 Q Who were they?  
 8 A Mark Harmon, Matthew Katon, myself and  
 9 Kumar Gushani.  
 10 Q Was there a reason, other than yourself, why  
 11 you named those other people to the board?  
 12 A Well, Matthew's a longtime trusted friend  
 13 that -- about the only one -- I'm sorry, Jeff -- that I  
 14 trust. Mark does what I do or did in Massachusetts,  
 15 Rhode Island, New Hampshire, so he has tremendous inside  
 16 expertise. He kind of gets it, he understands. Kumar  
 17 was a natural fit at the time because we didn't have a  
 18 COO, so we brought the CFO in to be a director.  
 19 Q How long have you known him?  
 20 A Kumar? Six months.  
 21 Q How'd you meet him?  
 22 A He took the job as the COO.  
 23 Q Did you interview him?  
 24 A I did.  
 25 Q Two days later, October 27th, 2010, the

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1 accounting firm resigned. Are you aware of that?  
 2 A Not aware of the date, but I do know that  
 3 McGladrey resigned.  
 4 Q Do you know why?  
 5 A I do not.  
 6 Q Four days later, November 1st, 2010, DJSP  
 7 Enterprise and your law office default on the lease at  
 8 900 Southpine Island Road; is that correct?  
 9 A Yes, sir.  
 10 Q Did either of those entities default on the  
 11 lease on November 1st, 2010?  
 12 A I don't know at what point in time Processing,  
 13 who held the list, was in default.  
 14 Q So, it's possible that DAL Group may have held  
 15 that lease; is that true?  
 16 MR. TEW: Anything is possible. You're talking  
 17 about a document. I object to the form of the question.  
 18 Q (By Mr. Jaffe) Are you aware that DJS  
 19 Processing defaulted on the list on November 1st, 2010?  
 20 A I'm not sure if the list was with Processing  
 21 or Enterprise. I know at some point in time, there was  
 22 a default on the lease through one of the entities of  
 23 the public company.  
 24 Q You're just not sure what date it was?  
 25 A I'm not sure what date it was.

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1 Q Does November 1st sound accurate?  
 2 A It doesn't.  
 3 Q Does not?  
 4 A It does not.  
 5 Q At this point, have you had -- at this point,  
 6 being November 1st time frame, do you have a  
 7 recollection of having any other meetings regarding  
 8 further staff reductions and the necessity for that?  
 9 A I don't recall the time frames. Obviously, as  
 10 the unexpected catastrophic event occurred, there was a  
 11 need to have a meeting, but I don't recall at what point  
 12 in time that was.  
 13 Q What "unexpected catastrophic event" did you  
 14 just reference?  
 15 A Fannie Mae, Freddie Mac coming in and  
 16 terminating the relationships. And then the rest of --  
 17 substantial portion of the remainder of the industry  
 18 following suit.  
 19 Q What's your recollection of the date that  
 20 Fannie and Freddie pulled?  
 21 A I want to say November 4th, November 5th.  
 22 Q Okay. What's your recollection of the other  
 23 entities that pulled following Fannie and Freddie?  
 24 A Within two weeks, everything was pretty much  
 25 gone.

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1 Q Do you have a recollection of -- I'll come  
 2 back to that question. Just had a flashback regarding  
 3 the conference call with investors, where periodically  
 4 there were scripts that were used to have that type of  
 5 conference call. My question there is, who drafted the  
 6 scripts?  
 7 A Chris Simmons, director of investor relations,  
 8 together with input from Kumar, Rick Powers. In many  
 9 instances, myself, if they didn't know what was going or  
 10 if they needed a question answered.  
 11 Q So, at this time frame, when you're giving  
 12 investor calls, you still know what's happening with the  
 13 business?  
 14 A I don't understand your question.  
 15 Q You're aware of -- you're reading reports.  
 16 You're seeing volume. You're seeing new file intakes.  
 17 You're seeing how fast they're closing. And you're  
 18 seeing the cash flow in and out of the company.  
 19 A Okay.  
 20 Q And so, you have -- in 2010, you have a handle  
 21 on what's happening with the business?  
 22 A As the numbers are reported in the quarterly  
 23 earning calls and the investors or the world, whoever  
 24 elects to participate in that call is made aware of the  
 25 day-to-day happenings.

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1           Q     Right. But you have that information, that  
2 institutional knowledge of your own business far in  
3 advance of those calls and reports for that matter.

4           A     Sure. When Fannie Mae comes in and sits down  
5       and says, "David, we have 600,000 shadow inventory  
6       loans", we say, "You mean, 60,000"? And they go, "No.  
7       We mean, 600,000". And I say, "Oh, that's nationwide"?  
8       And they go, "No, 600,000 shadow inventory in the State  
9       of Florida". Sure, I know. Yeah, it's exciting.

10 Q November 4th, 2010, do you recollect being  
11 involved in a mass layoff via e-mail?

12 A Do I recall being involved?

13 Q Yes, sir.

14           A     I do not recall what particular date. I do  
15           know, as a result of this unforeseeable catastrophic  
16           event, that there obviously had to be significant lay  
17           offs because there's nothing left. It's all gone.  
18           Pulled. Whoever thought? Certainly, the industry  
19           didn't. If you look at where we are. Six months later,  
20           files are still sitting in boxes.

21 MR. SUGGS: Could you read back the prior  
22 question?

(Thereupon, a short discussion was had off record.)

(End of Volume I)

REIF KING WELCH LEGAL SERVICES  
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DATE: April 29, 2011

TO: David J. Stern

C/O  
Tew Cardenas, LLP  
Jeffrey Tew, Esq.  
Four Seasons Tower  
15th Floor, 1441 Brickell Av  
Miami, Florida 33131

**IN RE:** Renae Mowat, Nikki Mack, Arklynn Rahming, and Quenna Humphrey individually and on behalf of all other similarly situated individuals v. DJSP Enterprises, Inc., a Florida Corporation, DJSP Enterprises, Inc., a British Virgin Islands Company, Law Offices of David J. Stern, P.A., David J. Stern, individually, DAL Group, LLC, a Delaware LLC, DJS Processing, LLC, a Delaware LLC, Professional Title and Abstract Company of Florida, a Delaware LLC, and Default Servicing, LLC, a Delaware LLC  
10-62302-CIV-UNGARO

Dear Mr. Stern,

Please take notice that on April 25, 2011, you gave your deposition in the above-referred matter. At that time, you did not waive signature. It is now necessary that you sign your deposition.

You may do so by contacting your own attorney or the attorney who took your deposition and make an appointment to do so at their office. You may also contact our office at the below number, Monday - Friday, 9:00 AM - 5:00 PM, for further information and assistance.

If you do not read and sign the deposition within thirty (30) days, the original, which has already been forwarded to the ordering attorney, may be filed with the Clerk of the Court. If you wish to waive your signature, sign your name in the blank at the bottom of this letter and return it to us.

Very truly yours,

SAMANTHA HANSTEIN  
Reif King Welch Legal Services  
954-712-2600

I do hereby waive my signature.

REIF KING WELCH LEGAL SERVICES  
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1 -----  
2 David J. Stern  
3 Cc: via transcript: Steve Jaffe, Esq.  
Jeffrey Tew, Esq.  
Frank Scrudds, Esq.

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1 CERTIFICATE OF REPORTER  
 2  
 3 STATE OF FLORIDA  
 4 SOUTHERN DISTRICT

5 I, SAMANTHA HANSTEIN, do hereby certify that  
 6 the foregoing testimony was taken before me; that the  
 7 witness was duly sworn by me; and that the foregoing  
 8 pages constitute a true record of the testimony given by  
 9 said witness.

10 I further certify that I am not a relative or  
 11 employee or attorney or counsel of any of the parties,  
 12 or a relative or employee of such attorney or counsel,  
 13 nor financially interested in the action.

14 Under penalties of perjury, I declare that I  
 15 have read the foregoing certificate and that the facts  
 16 stated herein are true.

17 Signed this 25th day of April, 2011.

18  
 19  
 20  
 21  
 22  
 23  
 24  
 25



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1 CERTIFICATE OF OATH  
 2  
 3  
 4 STATE OF FLORIDA  
 5 SOUTHERN DISTRICT

6 I, the undersigned authority, certify that  
 7 DAVID J. STERN personally appeared before me and was  
 8 duly sworn.

9 Witness my hand and official seal this 25th  
 10 day of April, 2011.



11  
 12  
 13  
 14 Samantha Hanstein, Court Reporter  
 15 Notary Public, State of Florida  
 16 Commission No.: EE 070089  
 17 Commission Expiration: 03/03/2015

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UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA

COPY

RENAE MOWAT, NIKKI MACK,  
ARLYNN RAHMIN, and QUENNA  
HUMPHREY individually  
and on behalf of all other similarly situated  
individuals,

Plaintiffs,

v. CASE NO. 10-62302-CIV-UNGARO

DJSP ENTERPRISES, INC., a Florida Corporation, DJSP  
ENTERPRISES, INC., a British Virgin Islands Company,  
LAW OFFICES OF DAVID J. STERN, P.A.,  
DAVID J. STERN, individually, DAL GROUP, LLC,  
a Delaware LLC, DJS PROCESSING, LLC,  
a Delaware LLC, PROFESSIONAL TITLE AND ABSTRACT  
COMPANY OF FLORIDA, a Delaware LLC, and  
DEFAULT SERVICING, LLC, a Delaware LLC,

Defendants.

VOLUME II

DEPOSITION OF

DAVID J. STERN

TAKEN ON BEHALF OF THE PLAINTIFFS

APRIL 25, 2011  
10:00 A.M. - 5:13 P.M.

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1 did before you gave us the job. Today, most of us have  
2 families, most of us have homes. You've given us good  
3 paychecks and you've given us insurance more than anyone  
4 would normally give us specially in law firms". And I  
5 remember Steven Bernstein got two seats down saying,  
6 David, I think I'm going to cry as I was wiping tears  
7 away. Anytime someone wanted to see me, I made myself  
8 accessible. As far as giving termination notice,  
9 however, it went for me. Doing it personally is  
10 impossible. And there was others --

Q I'm sure.

A -- that have come in and gave those sort of  
accolades.

Q I'm sure. You seem like a very nice guy. At  
the time of these mass layoffs, is it fair to say that  
DJSP Enterprises had accounts receivable in excess of  
\$50 million?

A How do you define "accounts receivable"?

Q Money that's owed to them to DJSP Enterprises  
that hasn't been paid yet.

A But not yet billed?

Q Billed and out on the street waiting for the  
money to come.

A I don't -- I don't know if it was \$50 million.  
I don't recall.

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Q There was a certain amount of accounts  
receivable out at that time?

A Yes, of course.

Q And obviously, there was the unbilled yet to  
go out earned, but the bill yet to be sent, accounts  
receivable also?

A That is correct.

Q And those numbers combined were in the  
millions?

A Those numbers combined were in the millions,  
yes.

Q And the law firm also had accounts receivable?

MR. TEW: I'm going to object. We're not  
going to get into financials. I don't see how  
that's relevant.

MR. JAFFE: I wasn't going any further than --

MR. TEW: You're asking financial discoveries.  
It's not appropriate at this stage, the law firms  
finances.

Q (By Mr. Jaffe) When the unforeseen  
catastrophic event that you had talked about occurred,  
you gave a couple of examples when I asked you what you  
meant and you said robo-signings. What do you mean by  
that?

A Robo-signings in July, August, September

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1 depositions of clients began to get released. And the  
 2 gist of what kicked off robo-signing was a GMAC case in  
 3 Maine, the State of Maine, where the GMAC employee that  
 4 was responsible for executing affidavits was deposed by  
 5 borrower's attorney. And the gist of the depo that  
 6 created this robo-signing concept was borrower's counsel  
 7 asked Jeff Stephens -- well, according to your  
 8 affidavit, you say you have actual knowledge you  
 9 reviewed it, and he came back and said, well, no, I  
 10 didn't. The attorney was a little bit dumbfounded while  
 11 you, under oath, said that you did review it. And then  
 12 a whole new line of questioning ensued, how many of  
 13 these do you do? How could you possibly do them?  
 14 Hence, in my mind, the term "robo" was the notary there  
 15 at the time and the answer was no, no, no, no. Then  
 16 Bank of America had the issue and then PNC had the issue  
 17 and a whole host. And as a result, they put a freeze on  
 18 the referral process until the clients made certain that  
 19 there was no robo-signing. Now, keep in mind that  
 20 Florida is a verified complaints state, which would  
 21 require that the client review the complaint and execute  
 22 it; and if it needs to be notarized, notarize it in the  
 23 presence of a notary. So, it caused every lender to  
 24 stop the wheels.  
 25 Q And you are aware that robo-signing occurred

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1 she said that's absolutely false or without her  
 2 knowledge. So, I guess, you'd have to ask those other  
 3 paralegals that may have signed her name.  
 4 Q Are you aware of any paralegals that alleged  
 5 to have signed her name -- Cheryl Sammons' name? I'm  
 6 sorry.  
 7 A Of course not.  
 8 Q Are you aware also that there's been  
 9 allegations that Cheryl Sammons was signing between 400  
 10 and 1,000 affidavits a day at certain times?  
 11 MR. TEW: Object to the form.  
 12 A I'm not aware of that number.  
 13 Q (By Mr. Jaffee) Are you aware that she would  
 14 designate two hours a day to sign affidavits?  
 15 MR. TEW: Object to the form.  
 16 A I don't reach her in the office. I find your  
 17 blogs to be false.  
 18 Q (By Mr. Jaffee) Are you aware that there's been  
 19 sworn testimony that files would be piled up on given  
 20 floors and given conference rooms and she would  
 21 periodically stop in to make the signatures at that  
 22 point?  
 23 MR. TEW: Object to the form of the question.  
 24 A I am not aware that it actually occurred, I  
 25 was not involved in the day-to-day operations. I was

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1 in your office?  
 2 A It depends which element of robo-signing  
 3 you're speaking of.  
 4 Q But nonetheless, it occurred?  
 5 MR. TEW: Form of the question.  
 6 A It -- there's a -- robo-signing encompasses a  
 7 variety of things, not every variety of the occurrence  
 8 occurred in my office.  
 9 Q (By Mr. Jaffee) Which variety occurred in your  
 10 office?  
 11 A My understanding is that notaries were not  
 12 present in front of the attorney as the attorney's pen  
 13 hit the paper.  
 14 Q Is that the only element of robo-signing  
 15 you're aware of to have occurred in your office?  
 16 A The same robo-signing concept also, not just  
 17 affidavits, but assignments.  
 18 Q And those were -- some were executed by  
 19 Cheryl Sammons?  
 20 A I don't know if Cheryl was present in front of  
 21 a notary or not. I only know that there are allegations  
 22 that that occurred.  
 23 Q Are you aware that there are allegations that  
 24 other paralegals were signing Cheryl Sammons' name?  
 25 A I am aware of that. But according to Cheryl,

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1 not present in those particular areas. So, whatever  
 2 allegations are made, I look at them as allegations; and  
 3 as I sit here today, they are unproven.  
 4 Q (By Mr. Jaffee) And you're telling us under  
 5 oath that Cheryl never came to you to express  
 6 frustration about these acts if in fact they were  
 7 occurring?  
 8 MR. TEW: Object to the form of the question.  
 9 A Which acts?  
 10 Q (By Mr. Jaffee) Signing 400 to 1,000 affidavits  
 11 a day, working unbelievable hours and so busy that she  
 12 had other people sign her name.  
 13 MR. TEW: Object to the form of the question.  
 14 A I'm not -- I'm not aware of that.  
 15 Q (By Mr. Jaffee) Okay.  
 16 A Of course not. Cheryl would not come to me or  
 17 never came to me and said, I've had these people signing  
 18 the names or my name. Absolutely not.  
 19 Q Did she ever complain to you that there was so  
 20 much at work for her to sign that there was no way she  
 21 could actually read and verify what she was signing?  
 22 MR. TEW: Object to the form of the question.  
 23 A No. There was more than one signer. Cheryl  
 24 wasn't just the only signer.  
 25 Q (By Mr. Jaffee) I agree. I'm just talking

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1 about Cheryl.  
 2 A Okay.  
 3 Q No?  
 4 A No.  
 5 Q All right. Let's go back to the November 4,  
 6 2010 mass e-mail. Have you ever seen it in print?  
 7 A I have to see it. I don't -- I don't know.  
 8 Q So, as you sit here, you have no recollection  
 9 of seeing that?  
 10 A I don't have any recollection of seeing it.  
 11 I -- I -- if I see it, then I will recognize it or I  
 12 won't recognize it.  
 13 Q Sure. And --  
 14 A And again, that was done at that level below  
 15 mine.  
 16 Q That was my next question. You did not author  
 17 the content of that e-mail?  
 18 A I'd have to look at it and see if I recall  
 19 giving any of my input.  
 20 Q Okay.  
 21 A I don't recall and I don't know if it's --  
 22 Q It's okay. I think we're at 5.  
 23 A Yes, sir.  
 24 (Thereupon, Exhibit 5 was entered  
 25 into the record.)

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i Q (By Mr. Jaffee) Let me show you what's now  
 2 marked as Plaintiffs' Exhibit 5 for identification  
 3 purposes. Ask you take a look at that and see if you  
 4 recognize it.  
 5 A (Looking through papers/files.)  
 6 Q Ready?  
 7 A Ready.  
 8 MR. JAFFE: Mr. Scruggs.  
 9 Q (By Mr. Jaffee) You've had an opportunity to  
 10 look at Plaintiffs' Exhibit 5, which I represent to you  
 11 to be a November 4th, 2010 mass e-mail. Do you  
 12 recognize it?  
 13 A I do.  
 14 Q This e-mail came from an e-mail address of HR  
 15 department mailbox, correct, that's from?  
 16 A Yes, sir.  
 17 Q Okay. And would you agree with me that it was  
 18 sent to many, many people at one time?  
 19 A Yes, sir.  
 20 Q I had the pleasure of counting them. I'm  
 21 representing to you it's over 430 people. Did you work  
 22 with anyone to create a list of people that was subject  
 23 to this termination?  
 24 A Did I work with anyone? Again, I'm up here  
 25 trying to save the business and I've got Steven, I've

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1 got Rick, I've got Chris, I've got Cheryl who are  
 2 familiar with these people, and of them, I would not be  
 3 familiar with. As this unfortunate unforeseeable  
 4 catastrophic event occurred, given the ramifications,  
 5 Cheryl was unable to help make selections.  
 6 Q Because?  
 7 A Because from a physical standpoint, she was  
 8 in -- she was in denial. She just didn't think it was  
 9 going to happen.  
 10 Q In fact, she's on the list.  
 11 A She is on the list, but she went from  
 12 Processing, she also was employed by the law firm. So,  
 13 she was terminated from Processing with the intent that  
 14 she be terminated from the law firm shortly thereafter  
 15 once we had the benefit of her knowledge on who should  
 16 stay.  
 17 Q So, Cheryl Sammons was employed both by the  
 18 law firm and by DJSP Enterprises?  
 19 A Yes, sir.  
 20 Q What was her role with the law firm?  
 21 A With the law firm, she assisted me in whatever  
 22 I needed, she assisted Miriam, she assisted Bev. So, at  
 23 the time, we contemplated the transaction and put  
 24 together the services agreement. We decided that we  
 25 would make her an employee of both the law firm and

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i Processing.  
 2 Q She received two checks?  
 3 A Yes, sir.  
 4 Q How did you distinguish her roles and  
 5 responsibilities?  
 6 A She did that, Miriam did that. I was not  
 7 involved in distinguishing her roles between the two.  
 8 Q Would you agree with me that prior to going  
 9 public, you're more involved in the day-to-day  
 10 operations of your law firm than you were the day after  
 11 you went public?  
 12 MR. SCRUGGS: Objection to form.  
 13 MR. TEW: Same objection.  
 14 A No. I went --  
 15 Q (By Mr. Jaffee) Because your day-to-day  
 16 involvement ceased a number of years earlier?  
 17 A Correct.  
 18 Q It seems like you put a lot of trust in  
 19 Ms. Sammons and Ms. Mendieta.  
 20 A Blind faith, blind trust.  
 21 Q Tell me what time this e-mail was sent.  
 22 A Well, it says sent Thursday, November 4th at  
 23 10:30 a.m.  
 24 Q Tell me what time the employees', all 435 of  
 25 them, security badges were deactivated.

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1 A If it's not in the letter, I don't know.  
2 Q You will. Keep looking. Page -- the last  
3 page.  
4 A Security badges will be deactivated at  
5 11:30 a.m.  
6 Q So, is it fair to say that you have now  
7 terminated 435 people --  
8 A Who is "you"?  
9 Q All right. Let's back up. Who signed the  
10 e-mail?  
11 A I did.  
12 Q Okay. That is you.  
13 A Well, that's me as whatever capacity I was in.  
14 Q Does it say that?  
15 A No, it doesn't.  
16 Q Okay. So, my question is, you fired 435  
17 people via e-mail at 10:30 and told them that your  
18 badges were deactivated in an hour?  
19 A HR did. HR sent that. From -- see the top  
20 line, from?  
21 Q From HR --  
22 A From HR.  
23 Q -- from you, the CEO of DJSP Enterprises and  
24 president of the law firm.  
25 A I'm sorry. Say that again.

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1 Q You were the CEO of DJSP Enterprises at the  
2 time?  
3 A Correct.  
4 Q President and sole owner of the law firm at  
5 the time?  
6 A Correct. But this doesn't involve the law  
7 firm.  
8 Q Okay. But the point is, you signed an  
9 e-mail --  
10 A Okay.  
11 Q -- that HR sent.  
12 A Okay.  
13 Q So, my question --  
14 A So, HR and DJSP Enterprises terminated  
15 whatever number of people due to a catastrophic  
16 unforeseeable event, that's correct.  
17 Q And you gave them an hour to get out of the  
18 building?  
19 A According to what's here, yes. Did that  
20 happen in reality? I don't know.  
21 MR. BERNSTEIN: I would like to add a  
22 clarifying note that --  
23 MR. JAFFE: Yeah, you're not being deposed  
24 right now.  
25 MR. BERNSTEIN: Okay. Fair point.

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1 Q (By Mr. Jaffe) In the e-mail, it says in the  
2 first sentence that -- actually, why don't you read the  
3 second sentence.  
4 A It is with heavy heart that I must announce  
5 that due to the lawsuit" --  
6 Q I'm sorry. Second sentence, not second  
7 paragraph.  
8 A In --  
9 Q Paragraph one, "The referral".  
10 A "The referral of new business has decreased by  
11 over 90 percent in the last six months".  
12 Q Okay. So, my question is this, this is an  
13 e-mail sent November 4th. In October 22nd letter,  
14 75 percent of referral business has been reduced over  
15 the last six months. And now by November 4th, it's up  
16 to 90 percent; is that accurate?  
17 A I have to go back and look at the volume  
18 reports to confirm that.  
19 Q Based upon your review of the e-mail, the  
20 contents of the e-mail, did you have any input in  
21 creating the content?  
22 A I asked to see the letter once it was drafted,  
23 and I recall making a couple of changes in particular.  
24 I don't remember what I changed, but I did see it and I  
25 did give a couple of comments. Once I gave those

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1 comments, it circulated back to Rick Powers, I assume,  
2 and Steve and Chris and I essentially was done.  
3 Q You said to me that this e-mail did not deal  
4 with any of the law office employees. Did I understand  
5 that correctly?  
6 A I'd have to look through. That was my  
7 understanding, but let me look and see. As I sit here  
8 today, I don't know if this included the law firm, DJSP,  
9 DJS Processing or DJSP, what would have been DJSP, or  
10 other DJSP Enterprises such as Default Servicing and  
11 Professional Title and Timeos.  
12 Q Right.  
13 A So --  
14 Q So, the different way, the e-mail doesn't  
15 distinguish employee by what department they worked in?  
16 A That is correct.  
17 Q Or what corporation they worked in or what LLC  
18 they worked in or whether it was a law firm employee?  
19 A That's correct.  
20 Q Whose idea was it to have an HR person on  
21 every floor collecting all employees' paperwork, company  
22 computers -- excuse me -- cell phones, firm files, law  
23 firm records?  
24 A It was not mine.  
25 Q Whose idea was it to have them all out of the

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1 building within an hour?

2 A It was not mine. I don't know.

3 Q The e-mail also contains the name of  
 4 Miriam Mendieta.

5 A Okay.

6 Q So, she was terminated in mass with  
 7 Ms. Sammons on this November 4th, 2010 e-mail?

8 A I don't recall if that -- if the fact that if  
 9 she is in there, if that actually meant she was  
 10 terminated, she may have been also Processing as well as  
 11 the law firm.

12 Q So, as you sit here today, Miriam Mendieta may  
 13 have been receiving two checks as well, one from the law  
 14 firm and one from DJS Processing?

15 A That is correct.

16 Q What role did she have in Processing?

17 A She would work with certain staff, be there to  
 18 answer any questions. We felt that her salary -- and  
 19 I'm not sure if it panned out that way, but the original  
 20 process was that part of her process should be bourn by  
 21 Processing if she is going to be working with  
 22 Processing, giving them direct oversight or whatever the  
 23 case may be.

24 Q So, she supervised Processing?

25 A Well --

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1 Q But it's possible?

2 A It's possible.

3 Q And that's what you think?

4 A I don't know -- I don't recall. At the end of  
 5 the day, given the magnitude of the transaction, if Sam  
 6 at -- ultimately came over or not, that's -- you know,  
 7 certainly, he sent over an interrogatory and Jeff can  
 8 get it answered.

9 Q What is your understanding on the basis of our  
 10 lawsuit?

11 A My understanding on the basis of this lawsuit  
 12 is that you feel that Processing, DJSP Enterprises  
 13 wrongfully terminated its employees in violation of WARN  
 14 and that I'm the mastermind that created it, and I said  
 15 at this public company to defraud the world and you want  
 16 to get into my deep pockets as well as the law firm.  
 17 That's my understanding of this lawsuit.

18 Q Okay.

19 A Is it one of the --

20 MR. TEW: You answered the question.

21 A Well -- but it's too good, Jeff.

22 MR. TEW: No.

23 A Okay. I did get this long. I can make it  
 24 another two hours.

25 Q (By Mr. Jaffe) Now, you are aware that on

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1 Q Certain aspects of Processing?

2 A She did, yes. Of course.

3 Q And Sammons served -- supervised certain  
 4 aspects of Processing?

5 A Right.

6 Q Sammons also supervised certain aspects of the  
 7 law firm?

8 A As to non-legal work.

9 Q And obviously, Ms. Mendieta supervised aspects  
 10 of the law firm?

11 A Yes.

12 Q All aspects of the law firm actually.

13 A Absolutely.

14 Q Who else was dual employed by DJS Processing  
 15 and the law firm at this time?

16 A Well, certainly, Cheryl was. I'm thinking  
 17 Miriam was, but I'm not positive. I was. And I'm not  
 18 sure if Sam because Sam did law firm, and of course, he  
 19 worked with Professional Title. Beyond that, I think  
 20 that would be -- that would be a -- Tom from Dykema.

21 Q Was Sam employed -- based on what you just  
 22 said, I think I heard you say Sam was employed both by  
 23 the law firm and by Professional Title and Abstract at  
 24 the same time.

25 A I'm not sure.

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1 November 3rd, 2010, Chris Simmons authored a letter to  
 2 Gene Rhodes at the REACT Program in Tallahassee?

3 MR. TEW: Object to the form.

4 A I am not aware of that.

5 Q (By Mr. Jaffe) Okay. This would be quicker  
 6 then. Are you telling me that you're not aware of  
 7 whether or not anybody on behalf of DJSP Enterprises  
 8 sent a WARN notice to Tallahassee in November?

9 A I don't know what date it was sent. I don't  
 10 recall what date it was sent.

11 MR. JAFFE: All right. Please.

12 Q (By Mr. Jaffe) Let's -- while she looks for  
 13 the copies -- you are aware a letter was sent, you're  
 14 just not aware what date it was; is that correct?

15 A That's correct.

16 Q Okay. Were you privy to the development of  
 17 the contents of the letter prior to it being sent?

18 A I'd have to look at it to refresh my memory.

19 Q Okay. Now, let me show you what we've now  
 20 marked Plaintiffs' Exhibit 6 for identification  
 21 purposes.

22 (Thereupon, Exhibit 6 was entered  
 23 into the record.)

24 Q (By Mr. Jaffe) I would represent to you  
 25 it's -- one, two -- three pages. Tell me if you

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1 recognize it.  
2 A Yes, sir, I do.  
3 Q Were you involved in the development of the  
4 content of these three pages?  
5 A No, sir, I was not.  
6 Q Did you review this letter -- one-page letter  
7 and two-page memo, I'm going to call it, before it was  
8 sent out to Tallahassee?  
9 A I did not.  
10 Q When is the first time you saw this  
11 Exhibit 3 -- or Exhibit 6? Excuse me.  
12 A A few days after it had gone out, just in my  
13 stack of my monstrosity of reading.  
14 Q Do you have any knowledge as to how the laying  
15 off of 38 law office employees was decided, which 38?  
16 A I'm sorry. Can you repeat the question?  
17 Q Bad question.  
18 A Yeah.  
19 Q Will you agree with me that contained within  
20 this letter, there was law office layoffs?  
21 A Yes, sir.  
22 Q And specifically, 38 people were laid off, at  
23 least that's what the reporting is about.  
24 A Okay.  
25 Q Do you know how that 38 people were selected?

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1 A Miriam and Beverly would have selected those  
2 individuals independent of me.  
3 Q You saved the next question, but I get to ask  
4 anyway. Without consulting with you, correct?  
5 A Correct.  
6 Q With regard to the 356 employees that were  
7 terminated by DJS Processing, who would have selected  
8 those people?  
9 A Well, Cheryl and Rick were supposed to select  
10 them, and then we had some issues with Cheryl making  
11 those selections. So, they brought it, really, to me  
12 and asked how I could help. And I said, it's not what I  
13 do. I don't know any of these people. I know very few  
14 of these people, and the people that I do know may not  
15 be the people that need to be kept. So, I suggested  
16 that perhaps they go to Cheryl's managers and have  
17 Cheryl's managers help make the decisions because at the  
18 end of the day, Cheryl was going to be gone and it would  
19 be the managers that would have to -- Cheryl's managers  
20 that would have to choose the right people. So, that's  
21 how the DJS Processing selections were made.  
22 Q So, back to the law office, though, Miriam  
23 fired herself?  
24 A No. I terminated Miriam, but Miriam or --  
25 and/or Beverly -- because Beverly stayed through

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1 whatever, March, I have something like that, and they --  
2 I didn't know any of the attorneys or very few of the  
3 attorneys, so I wouldn't have the -- where at all to  
4 know who should stay or who shouldn't stay. And that's  
5 sort of what Miriam's last day was, but the need to cut  
6 was not pushed back with Miriam or -- and/or Bev as it  
7 was with Cheryl.  
8 Q At its height, how many lawyers did you have  
9 employed at the law office?  
10 A I believe 150, give or take.  
11 Q How many of them did you know?  
12 A Maybe 20. I wasn't there day to day, so I  
13 didn't know. I knew the ones that were there in 2005,  
14 2006, but anyone that came after that, I just -- it  
15 wasn't what I did.  
16 Q Is it fair to say that after 2005, 2006, the  
17 number of staff -- I think your word was "dramatically  
18 increased"?  
19 A 2007 when we moved to Plantation, to 900 South  
20 Pine Island.  
21 Q When the mass e-mail went out terminating  
22 Cheryl as well, was -- I thought that I understood you  
23 used to say that she stayed on behalf of the law  
24 firm.  
25 A The decision was that Cheryl and Miriam needed

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1 to go and they needed to go immediately. The -- the  
2 reality was that with -- at the end of the day, all that  
3 would fall back on me. And because I was not involved  
4 in the day-to-day, I couldn't possibly under any  
5 circumstances do it. As I recall, the intent was to get  
6 them off Processing of the public company ASAP, make  
7 them aware of that. They would then be -- continue to  
8 receive law firm payroll. And after a week, they need  
9 to be totally out. And that's kind of how it went down  
10 and I -- yeah, couldn't get them out fast enough. But  
11 unfortunately, they have the knowledge that -- a lot of  
12 them we didn't get, as Steven said, but you're able to  
13 do it without them. David and Cheryl had some managers  
14 under her and Bev was a godsend.  
15 Q Do you know if it was income-based, the cuts,  
16 or was it you start with these most expensive people and  
17 work down?  
18 A No, we definitely did not.  
19 Q The first in, first out?  
20 A No. It just who what we needed that could do  
21 the best job given the relatively small staff that would  
22 be left for an uncertain period of time.  
23 Q You would agree with me that the Exhibit 6  
24 does not identify whether it was sent on behalf of DJSP  
25 Enterprises, Florida or DJSP Enterprises, BVI; is that

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1      correct?

2      A    Well, the employees that were being laid off  
 3      worked for DJS Processing, they worked for the Law  
 4      Offices of David J. Stern and they worked for Timeos  
 5      because Professional Title had been pushed over to  
 6      Timeos.

7      Q    Sure. But my question wasn't that. My  
 8      question was, the letter does not identify that it's  
 9      being sent by either DJSP Enterprises, Florida or DJSP  
 10     Enterprises, BVI, correct?

11     A    It simply shows that it's being sent by DJSP  
 12     Enterprises, notifying the administrator that three  
 13     entities --

14     Q    I understand. But my question is very  
 15     elementary.

16     A    I'm sorry. I'm missing that.

17     Q    Let's go back up. See the title, "DJSP  
 18     Enterprises"?

19     A    I do.

20     Q    Okay. I understand there to be a DJSP  
 21     Enterprises, BVI.

22     A    Okay.

23     Q    And I understand there to be a DJSP  
 24     Enterprises, Florida.

25     A    I'm not aware of the DJSP Enterprises of

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1      Q    Was the November 4th, 2010 the last mass  
 2      layoff?

3      A    I don't recall. How do you define "mass"?

4      Q    More than 50.

5      A    I don't know recall. I don't know. Maybe  
 6      Chris Simmons, Stephen or Steve, two people down to my  
 7      right.

8      Q    And you removed or stepped down shortly after  
 9      that e-mail, right?

10     A    Stepped down from?

11     Q    Chairman of DJSP Enterprises.

12     A    Somewhere thereabout, yes, sir.

13     Q    November 19th, I think.

14     A    I don't recall. It's not like an anniversary.  
 15     It's not a date you want to remember.

16     Q    I thought just the opposite. This is your  
 17     baby that you created, I would expect you to remember  
 18     the date that it ended.

19     A    No. Sorry.

20     Q    It's okay. Do you still go to the office?

21     A    I do.

22     Q    How often?

23     A    Maybe twice a week for two or three hours.

24     Q    Is there any business left?

25     A    There is.

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1      Florida. I only know BVI.

2      Q    You already testified to that. So, my  
 3      question was, would you agree with me that it does not  
 4      identify DJSP Enterprises, Florida or DJSP Enterprises,  
 5      BVI?

6      MR. SCRUGGS: Objection. Form. Speaks for  
 7      itself.

8      A    I would say that -- first off, who in the heck  
 9      is DJSP Enterprises, Florida? And if it does exist,  
 10     what's their address?

11     Q    (By Mr. Jaffe) Ask your counsel.

12     A    Because clearly, DJSP Enterprises does -- does  
 13     exist at 900 South Pine Island.

14     Q    Okay. I'll take that as a yes. You would  
 15     agree with me that Chris Simmons, the director of HR,  
 16     signed this letter?

17     A    I believe that's his signature.

18     Q    Okay. Are you aware that Chris Simmons was a  
 19     director -- at this time, a director of HR of DJSP  
 20     Enterprises, BVI?

21     A    Yes.

22     Q    And at this time in November, that's the -- an  
 23     entity that you owned 33 percent of?

24     A    I'm not sure, as I previously testified, what  
 25     percentage of it that I owned.

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1      Q    What are your plans with the office?

2      A    I'm shutting it down.

3      Q    How soon?

4      A    Not soon enough.

5      Q    Why do you say it like that?

6      A    It's done, it's over. I have no desire to do  
 7      this anymore. It's a backstabbing business. A guy  
 8      finds a way to make success and people get thrills of  
 9      seeing them come crashing down, not the American dream,  
 10     not the way I am. June 30th is a -- is a -- is it --  
 11     existing files we have, we're substituting out or  
 12     getting clients to get new counsel to substitute out.  
 13     So, June 30th, we're done. We had advised the clients  
 14     as of March 31st that we'd no longer be working with  
 15     them, and then that's it.

16     Q    Are you still employed by DJSP Enterprises?

17     A    No.

18     Q    When did that stop?

19     A    I want to say while I was employed by them, I  
 20     didn't take a salary since.

21     MR. TEW: It's going beyond the question.

22     A    Am I still employed by DJSP? No.

23     Q    (By Mr. Jaffe) When did that stop?

24     A    I don't recall.

25     Q    About the same time you stepped down as --

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1 A I don't recall.  
2 Q Are there any employees at DJSP Enterprises  
3 today?  
4 A Are there any employees at D- -- yes, there  
5 are.  
6 Q Have you had contact with any of them?  
7 A I see them every day that I'm in the office.  
8 MR. JAFFE: I believe that we're done, but I  
9 do want to take a break and make sure that we're  
10 done before I officially say that. Thanks for your  
11 time, but give me a couple of seconds.  
12 A Okay.  
13 (Thereupon, a short break was  
14 taken.)  
15 (Deposition resumed.)  
16 MR. JAFFE: We're done. No further questions.  
17 Thank you for your time. Sorry for taking your  
18 day.  
19 MS. DOUCETTE: No problem. It's okay.  
20 MR. JAFFE: Good luck to you in the future.  
21 A Thank you.  
22 THE COURT REPORTER: Are you all going to  
23 order?  
24 MR. TEW: We'll read.  
25 THE COURT REPORTER: You'll read?

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1 MR. TEW: But I do want a copy. Send me  
2 my copy. I'll give it to the witness. Then  
3 we'll read it, and then we'll sign.  
4 THE COURT REPORTER: Okay.  
5 MR. JAFFE: I want mine, but e-mail.  
6 THE COURT REPORTER: By e-trans?  
7 MR. JAFFE: Yeah, that's all I want. I don't  
8 want paper.  
9 THE COURT REPORTER: You don't want paper.  
10 And standard delivery, would that be all right?  
11 MR. JAFFE: Yeah.  
12 THE COURT REPORTER: Seven days?  
13 MR. JAFFE: Yes.  
14 MR. SCRUGGS: Can you send mine that way,  
15 e-trans as well? The text only.  
16 THE COURT REPORTER: Sure.  
17 (Deposition concluded at 5:13 p.m.)  
18 (Reading and signing of the  
19 deposition by the witness has been  
20 reserved.)  
21  
22  
23  
24  
25

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1 DATE: April 29, 2011  
2 TO: David J. Stern  
C/O  
Tew Cardenas, LLP  
Jeffrey Tew, Esq.  
Four Seasons Tower  
15th Floor, 1441 Brickell Ave.,  
Miami, Florida 33131  
6 IN RE: Renae Mowat, Nikki Mack, Arklynn Rahming, and  
Quenna Humphrey individually and on behalf of  
all other similarly situated individuals v. DJSP  
Enterprises, Inc., a Florida Corporation, DJSP  
Enterprises, Inc., a British Virgin Islands  
Company, Law Offices of David J. Stern, P.A.,  
David J. Stern, individually, DAL Group, LLC, a  
Delaware LLC, DJS Processing, LLC, a Delaware  
LLC, Professional Title and Abstract Company of  
Florida, a Delaware LLC, and Default Servicing,  
LLC, a Delaware LLC  
10-62302-CIV-UNGARO  
12 Dear Mr. Stern,  
13 Please take notice that on April 25, 2011, you  
gave your deposition in the above-referred matter. At  
that time, you did not waive signature. It is now  
necessary that you sign your deposition.  
14 You may do so by contacting your own attorney  
or the attorney who took your deposition and make an  
appointment to do so at their office. You may also  
contact our office at the below number, Monday - Friday,  
9:00 AM - 5:00 PM, for further information and  
assistance.  
15 If you do not read and sign the deposition  
within thirty (30) days, the original, which has already  
been forwarded to the ordering attorney, may be filed  
with the Clerk of the Court. If you wish to waive your  
signature, sign your name in the blank at the bottom of  
this letter and return it to us.  
16 Very truly yours,  
17 SAMANTHA HANSTEIN  
Reif King Welch Legal Services  
954-712-2600  
18  
19 I do hereby waive my signature.

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1 -----  
2 David J. Stern  
3 Cc: via transcript: Steve Jaffe, Esq.  
Jeffrey Tew, Esq.  
Frank Scruggs, Esq.  
4  
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CERTIFICATE OF REPORTER

STATE OF FLORIDA  
SOUTHERN DISTRICT

I, SAMANTHA HANSTEIN, do hereby certify that the foregoing testimony was taken before me; that the witness was duly sworn by me; and that the foregoing pages constitute a true record of the testimony given by said witness.

I further certify that I am not a relative or employee or attorney or counsel of any of the parties, or a relative or employee of such attorney or counsel, nor financially interested in the action.

Under penalties of perjury, I declare that I have read the foregoing certificate and that the facts stated herein are true.

Signed this 25th day of April, 2011.

  
SAMANTHA HANSTEIN

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CERTIFICATE OF OATH

STATE OF FLORIDA  
SOUTHERN DISTRICT

I, the undersigned authority, certify that DAVID J. STERN personally appeared before me and was duly sworn.

Witness my hand and official seal this 25th day of April, 2011.



Samantha Hanstein, Court Reporter  
Notary Public, State of Florida  
Commission No.: EE 070089  
Commission Expiration: 03/03/2015

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